Booster Investment Scheme 2: Private Land and Property Fund

Financial Statements 2023

Contents

Statement of Comprehensive Income
For the year ended 31 March 2023

	Note	2023 $'000	2022 $'000
Net gains on financial instruments at fair value through profit or loss	4	13,333	12,633
Interest revenue	4	33	4
Distributions revenue	4	2,929	1,401
Other revenue	4	1,278	924
Total Revenue		**17,573**	**14,962**
Operating expenses	12c	86	62
Management fees	12c	1,202	865
Supervisor fees	12d	37	27
Total Expenses		**1,325**	**954**
Profit for the year before tax		**16,248**	**14,008**
Income tax expense	13	97	437
Profit for the year after tax for the period attributable to unitholders		**16,151**	**13,571**
Other comprehensive income		-	-
Total comprehensive income for the period attributable to unitholders		**16,151**	**13,571**
Earnings per unit			
Basic and diluted earnings per unit (cents per unit)	15	**18.3**	**19.3**

Statement of Changes in Net Assets Attributable to Unitholders
For the year ended 31 March 2023

	Note	Unitholder Capital $'000	Total $'000
Net assets attributable to unitholders at 31 March 2021		**66,225**	**66,225**
Proceeds from units issued		26,713	26,713
Redemption of units		(1,605)	(1,605)
Distributions	14	(1,401)	(1,401)
Net increase from transactions in units		23,707	23,707
Profit for the period		13,571	13,571
Other comprehensive income		-	-
Net assets attributable to unitholders at 31 March 2022		103,502	103,502
Proceeds from units issued		23,083	**23,083**
Redemption of units		(3,422)	**(3,422)**
Distributions	14	(2,929)	**(2,929)**
Net increase from transactions in units		16,732	**16,732**
Profit for the period		16,151	**16,151**
Other comprehensive income		-	-
Net assets attributable to unitholders at 31 March 2023		136,385	**136,385**

Statement of Financial Position
As at 31 March 2023

	Note	2023	2022
Assets		**$'000**	**$'000**
Cash and cash equivalents	7	1,634	1,143
Income tax receivable		1,253	155
Other receivables	12e	120	90
Financial assets at fair value through profit or loss	8	133,502	102,207
Total Assets		**136,509**	**103,595**
Liabilities			
Other payables	12c, d	124	93
Income tax payable		-	-
Total Liabilities		**124**	**93**
Net assets attributable to unitholders		**136,385**	**103,502**

For and on behalf of Booster Investment Management Limited who authorised the issue of these financial statements on 7 June 2023.

John Selby
Director and Chair of the Board

Richard Kirkland
Director and Chair of the Audit, Risk, and Compliance Committee

Statement of Cash Flows
For the year ended 31 March 2023

	Note	2023 $'000	2022 $'000
Cash was provided from/(applied to):			
Purchase of financial assets		(17,963)	(23,463)
Interest received		33	-
Dividends and distributions received		2,929	1,401
Other income received		1,247	894
Supervisor fees paid	12d	(37)	(26)
Management fees paid	12c	(1,173)	(834)
Operating expenses paid	12c	(84)	(60)
Taxation paid		(1,193)	(490)
Net cash outflows from operating activities	7	**(16,241)**	**(22,578)**
Cash was provided from/(applied to):			
Proceeds from units issued		23,083	26,713
Payments for redemption of units		(3,422)	(1,605)
Distributions made	14	(2,929)	(1,401)
Net cash inflows from financing activities		**16,732**	**23,707**
Net increase in cash held		491	1,129
Cash and cash equivalents at the beginning of the period		1,143	14
Cash and cash equivalents at the end of year	7	**1,634**	**1,143**

1. Reporting entity

These financial statements are for the Booster Investment Scheme 2's Private Land and Property Fund (the Fund) for the year ended 31 March 2023 (reporting date).

The Booster Investment Scheme 2 is established and domiciled in New Zealand and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013. The Scheme is a managed investment scheme. The Scheme is comprised of one investment fund at the reporting date, being the Private Land and Property Fund (the Fund). The Fund's aim is to provide investors with an opportunity to invest primarily in a specialised portfolio of unlisted, agricultural and horticultural land and other property investments in New Zealand via its investment in the Private Land and Property Portfolio. Since 18 September 2019, the Fund's units are quoted on the NZX Main Board operated by NZX Limited (under code "PLP").

The Scheme was initially established under a Trust Deed dated 7 January 2019, subsequently amended and consolidated on 18 September 2019.

The Manager of the Scheme is Booster Investment Management Limited, and the Supervisor is Public Trust.

These financial statements have been prepared for the only Fund within the Scheme and not the Scheme as a whole in accordance with the Financial Markets Conduct (Financial Statements for Schemes Consisting Only of Separate Funds) Exemption Notice 2022.

The financial statements were adopted and authorised for issue by the Board of Directors of the Manager on 7 June 2023.

2. Basis of preparation

a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with the Trust Deed governing the Scheme, section 7 of the Financial Markets Conduct Act 2013 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). For the purpose of complying with NZ GAAP, the Fund is a for-profit entity. The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) issued by the New Zealand Accounting Standards Board and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, and other applicable financial reporting standards as appropriate for for-profit oriented entities. The financial statements of the Fund have been prepared in accordance with Tier 1 for profit reporting requirements outlined in the External Reporting Board's Accounting Standards Framework (XRB-A1) and they have been prepared on the assumption that the Fund operates on a going concern basis.

b) Basis of measurement

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected assets and liabilities for which the fair value basis of accounting has been applied.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not classified between current or non-current.

The Scheme is not registered for GST and the financial statements are stated inclusive of GST where applicable.

2. Basis of preparation continued

c) Functional and presentation currency
The functional currency of the Fund is New Zealand dollars (NZD).

The financial statements are presented in NZD and rounded to the nearest thousand ($'000) unless otherwise stated.

d) Uses of estimates and judgements
The preparation of financial statements necessarily requires estimation and judgements. The resulting accounting estimates, by definition, may not equal the related actual results. The most significant judgement made in the preparation of these financial statements relates to the reliance on the underlying Fund Manager's valuation of Level 2 financial assets at fair value through profit or loss which is detailed in note 8.

e) Accounting Policies
Significant accounting policies that summarise the recognition and measurement used and are relevant to the understanding of these financial statements are provided throughout the accompanying notes.

The accounting policies adopted have been consistently applied throughout the period presented in these financial statements.

f) Investment entity
The Fund meets the definition of an investment entity. The Manager determined that the Fund meets the definition of an investment entity by considering the number of unitholders in the Fund, the Fund's business purpose which is to generate a return to unitholders from capital appreciation and that substantially all of the funds financial assets are measured and evaluated on a fair value basis.

3. Standards, amendments, and interpretations to existing standards

There are no new standards that are considered relevant to the Fund's financial statements, that have been issued but are not yet effective.

4. Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Fund and the revenue can be readily measured.

Interest revenue is recognised using the effective interest rate method, and includes interest earned on cash equivalents.

Dividend and distribution revenue is recognised when the right to receive the payment is established.

Net realised and unrealised gains or losses on financial instruments at fair value through profit or loss are calculated as the difference between the fair value at sale or redemption, or at reporting date, and the fair value recorded at the date of the last valuation. This difference includes both realised and unrealised gains and losses but does not include interest or dividend revenue.

Other revenue includes rebates received by the Fund due to its holding in the Private Land and Property Portfolio, the rebate is calculated daily on the value of the holdings and recognised monthly on receipt.

5. Unitholders' funds

Units issued by the Fund provides the unitholders with the right to require redemption for cash at the value proportionate to the unitholders' share in the Fund's net asset value. The units qualify as 'puttable instruments' and are classified as equity.

6. Investment in the Private Land and Property Portfolio

The Private Land and Property Fund (being the only fund in the Scheme as at 31 March 2023) provides investors with an opportunity to invest primarily in a specialised portfolio of unlisted, agricultural and horticultural land and other property investments in New Zealand (including land, buildings, bearer plants, and plant and equipment, which are together referred to as ‘Property’).

This is achieved through investing in the Private Land and Property Portfolio (PLPP) of the Booster Investment Scheme. The Private Land and Property Fund owns 100% of the units in PLPP. The following schedule outlines the underlying assets in the Private Land and Property Portfolio the Fund is invested in at 31 March.

	2023	2022
Assets	**$'000**	**$'000**
Cash and cash equivalents	1,048	17,728
Trade receivables	125	1
Biological assets	3,232	3,000
Investment property	106,457	53,335
Financial assets at fair value through profit or loss	10,392	8,547
Property, plant and equipment	16,600	16,776
Total Assets	**137,854**	**99,387**
Liabilities		
Trade payables	324	211
Borrowings	14,750	-
Income in advance	228	105
Total Liabilities	**15,302**	**316**
Net assets attributable to unitholders of PLPP	**122,552**	**99,071**

The financial statements for the Private Land and Property Portfolio (PLPP) are prepared under International Financial Reporting Standards, which differs to the approach applied for unit pricing purposes. There may be occasions where the financial statements are adjusted for information that becomes available post balance date relating to the year end valuation in accordance with accounting standards. Unit pricing is adjusted on the date the new information is received.

For more information on PLPP refer to the financial statements of Booster Investment Scheme, which can be found on the disclose register:
https://disclose-register.companiesoffice.govt.nz/

7. Cash and cash equivalents

Cash at bank represents cash and on-call deposits with New Zealand banks registered with the Reserve Bank of New Zealand, with the result that they are subject to insignificant risk of changes in value.

Cash and cash equivalents are classified as financial assets measured at amortised cost in accordance with NZ IFRS 9 *Financial Instruments* .

Cash flows from operating activities represent the principal revenue-producing and investment activities of the entity and other activities that are not financing activities.

Cash flows from financing activities represent changes in the amount and composition of the contributed equity of the Fund.

	2023 $'000	2022 $'000
Cash at Bank - Total	**1,634**	**1,143**

Reconciliation of profit or loss to net cash from operating activities

	2023 $'000	2022 $'000
Profit	**16,151**	**13,571**
Net unrealised gains on financial instruments held at fair value through profit or loss	(13,333)	(12,633)
Net purchases of financial assets	(17,963)	(23,465)
Change in receivables	(1,129)	(83)
Change in payables	33	33
Net cash outflows from operating activities	**(16,241)**	**(22,577)**

8. Financial assets and liabilities at fair value through profit or loss

Financial instruments are recognised initially at fair value. After initial recognition, financial instruments are measured at fair value or amortised cost. Financial assets are determined on the basis of both (a) the Fund's business model for managing the financial assets; and (b) the contractual cash flow characteristics of the financial asset.

Financial liabilities are measured at amortised cost unless they meet the criteria for classification at fair value through profit or loss. Regular way purchases and sales of financial assets are accounted for as at trade date.

Subsequent to initial recognition, all financial instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss within the Statement of Comprehensive Income, resulting in transaction costs being reflected in the movement in fair value for the period.

NZ IFRS 13 Fair Value Measurement, requires the Fund to measure and disclose fair values using the following fair value hierarchy:
Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability,
either directly (as prices) or indirectly (derived from prices);
Level 3: inputs for the asset or liability that are not based on observable market data.

The Fund's financial assets and liabilities at fair value through profit or loss are classified as follows:

NZ IFRS 13 Fair Value Measurement	2023 $'000	2022 $'000
Level 1	-	-
Level 2	133,502	102,207
Level 3	-	-
Total financial assets	**133,502**	**102,207**

8. Financial assets and liabilities at fair value through profit or loss continued

Measurement of fair value of financial instruments classified as Level 2

Financial instruments classified as being Level 2 include holdings in managed investment funds.

Managed Investment Funds
The Fund's holdings in managed investment funds are valued at the redemption price quoted by the manager of those funds and, where applicable, adjusted for information that becomes available post balance date relating to the year end valuation.

There were no transfers between Level 1 and Level 2 in 2023 or 2022, and there were no financial instruments classified as Level 3.

9. Financial risk management

As at reporting date, the Scheme's only Fund is invested in an unlisted managed investment scheme and cash and cash equivalents. Risks arising from holding financial instruments are managed through a process of on-going identification, measurement and monitoring. The Fund may be exposed to credit risk, market price risk and liquidity and cash flow risk arising from the financial instruments it holds.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to Unitholders of the Fund from reasonably possible changes in the relevant risk variables.

Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Manager. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept, with additional emphasis on selected industries. This information is prepared and reported to relevant parties within the Manager on a regular basis (ranging from daily to monthly depending on the nature of the information) as deemed appropriate.

In order to avoid excessive concentrations of risk, the Manager monitors the Fund's exposure to ensure concentrations of risk remain within acceptable levels. The risk management policies employed by the Manager to manage these risks are discussed below.

9. Financial risk management continued

Credit risk
Credit risk represents the risk that the counterparty will fail to discharge an obligation and cause the Fund to incur a financial loss.

With respect to credit risk arising from the financial assets of the Fund, the Fund's exposure to credit risk arises from default of the counterparty, with the current exposure equal to the fair value of these instruments as disclosed in the Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the current maximum exposure at the reporting date.

Concentrations of credit risk are minimised in the Fund primarily by:
- Ensuring counterparties, together with the respective credit limits, are approved and consistent with the investment objectives for the Fund; and
- Ensuring that the majority of transactions are undertaken on recognised exchanges.

The carrying amount of financial assets best represents the maximum credit risk exposure at each reporting date. This relates also to financial assets carried at amortised cost, as they have a short term to maturity.

The credit risk exposure has been prepared on the basis of the Fund's direct investments only and not on a look through basis for investments held indirectly through managed investment funds. Where the Fund invests into managed investment funds ("underlying funds") managed by the Manager, the investment strategies of these underlying funds aim to achieve an appropriate diversification of investments to manage their credit risk. As at reporting date the Fund's investments in managed investment funds that were indirectly exposed to credit risk are set out in the table to follow.

The Manager does not consider there to be significant credit risk in relation to accounts receivable or cash equivalents. Accounts receivable is made up of unsettled sales of financial assets or income receivables, all of which have settled subsequent to the reporting date.

The table below shows the maximum credit risk exposure and the credit quality by class of asset for debt instruments and cash at bank using Standard and Poor's rating categories.

Indirect credit exposure	**2023 $'000**	**2022 $'000**
Investments in managed funds that are indirectly exposed to credit risk	-	-
Direct credit exposure		
Cash at bank: AAA to A-	1,634	1,143

The Fund holds no collateral or any other security over their financial assets subject to credit risk. The credit risk for cash and cash equivalents are low as funds are held by a well-established NZ bank, with an AA- Standard & Poor credit rating.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any credit loss. Management consider the probability of default to be close to zero as the instruments have a low risk of default. As a result, no loss allowance has been recognised, as any such impairment would be wholly insignificant to the Fund.

9. Financial risk management continued

Market price risk
Market price risk is the risk that the value of the Fund will fluctuate as a result of changes in market prices. This risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's only exposure to interest rate risk is on its cash and cash equivalents.

Cash and cash equivalents are current and the Fund does not consider there to exist any significant interest rate risk.

Price risk
The Fund is exposed to security price risk. This arises from investments held by the Fund for which prices in the future are uncertain.

The table below summarises the sensitivity of the Fund's net assets attributable to unitholders to security price movements as at 31 March. If the prices of the securities in which the Fund invests in at the period end had increased or decreased by 10% with all other variables held constant, this would have had the following impact on the Statement of Comprehensive Income and Statement of Changes in Net Assets Attributable to Unitholders:

	2023 $'000	2022 $'000
Amount exposed to market risk	**133,502**	**102,207**
Market -10%	(13,350)	(10,221)
Market +10%	13,350	10,221

Liquidity risk
Liquidity risk is the risk that the Fund will experience difficulty in either realising assets or raising sufficient funds to satisfy commitments associated with financial liabilities and investments. Cash flow risk is the risk that future cash flows derived from holding financial instruments will fluctuate.

This risk applies in relation to withdrawing units through Booster. Unlisted Property investments by nature have relatively long sale timeframes. As a result, there is a risk that PLPP, which the Fund invests in, may be unable to sell a Property at the desired time to fully meet this Fund's withdrawal request or that Property may need to be sold at a lower value than its assessed market value in order to meet withdrawal requests. The Manager manages this risk by ensuring the Fund and PLPP are managed to provide various sources of limited liquidity for withdrawals (such as holding a proportion of PLPP's assets in cash to meet the expected liquidity requirements of investors, access to an undrawn portion of a borrowing facility in PLPP (though this facility is primarily available to implement the gearing strategy, not to provide liquidity to investors), and by applying a withdrawal fee that moderates demand for withdrawals).

Also, in a number of instances, PLPP holds separable Property titles in an area that the Manager believes could be readily sold to meet liquidity requirements if necessary without compromising the investment objectives of PLPP.

The Manager is confident that in the ordinary course of business any withdrawal of funds can be met through a corresponding redemption of units with PLPP within a period not exceeding 10 days, based on the Manager's analysis of the unitholders, and its assessment of the likely withdrawal demand.

Should full realisation of assets be required, it is reasonable to expect this may take greater than six months due to the nature of the underlying assets in PLPP.

10. Capital Risk Management

The Fund's capital is represented by redeemable units and is reflected in the net assets attributable to unitholders. In accordance with the risk management policies outlined in Note 9, the Fund invests contributions received in appropriate investments whilst maintaining sufficient liquidity to meet any withdrawal requests. Compliance with investment management mandate limits is monitored by the Manager with oversight from the Supervisor.

The Fund's units are quoted on the NZX Main Board, thus units can be sold through NZX Participants (such as a broker) or financial advisers.

The Fund has a minimum initial investment of $1,000. Thereafter the investor may invest in $500 increments. The Manager may vary minimum amounts from time to time at its discretion.

There are no externally imposed mandate limits.

11. Auditor's remuneration

	2023 $'000	2022 $'000
Audit of financial statements - Ernst & Young	20	15
Other assurance services - registry audit - Ernst & Young	2	1
Total auditor’s remuneration	**22**	**16**

The Fund contributes to an expense recovery account for fund expenses such as audit fees during the year. The audit fees are paid from the expense recovery account. This account is not shown in the financial statements as it relates to Booster Investment Scheme 2 at the Scheme level rather than the individual fund level.

12. Related parties

a) Responsible entities

Booster Investment Management Limited (BIML) is the Manager of the Scheme. BIML is a wholly owned subsidiary of Booster Financial Services Limited.

Public Trust is the Supervisor for the Scheme. None of these related parties holds or held units in the Fund. Asset Custodian Nominees Limited (ACNL) is wholly owned by Booster Financial Services Limited. ACNL holds units in the Fund on behalf of investors in its capacity as a custodian company for the Booster Wrap Administration System.

12. Related parties continued

b) Key management personnel

The Directors of BIML and senior managers are considered to be Key Management Personnel. The Directors of the Manager and senior managers in office during the year or up to the date of signing of these financial statements were:

Directors	Role	Appointed*	
Allan Seng Tong Yeo	Director	29 April 1999	
Bruce Adrian Edgar	Director	3 October 2016	Resigned 30 September 2022
John Ross Selby	Independent Director	16 May 2016	
Melanie Sharon Templeton	Independent Director	1 February 2021	
Paul Gerard Foley	Director	30 April 2013	
Richard Gordon Kirkland	Independent Director	30 September 2022	

Senior Managers	
Alison Payne	Chief Operating Officer
Andrew Hughes	Chief Risk Officer
Dianna Papadopulos	Marketing Strategist
Mihaela Chitu	Head of Technology Solutions
Natasha Keddie	Head of Finance and Administration
Nicholas Craven	Chief Investment Officer

** Note appointment date refers to date employed by the ultimate parent company*

No amounts have been paid by the Fund to the Directors of BIML or senior managers in their capacity as key management personnel of the Fund.

Key management personnel may hold units in the Fund in their capacity as Members of the Fund. All transactions between these parties are pursuant to, and governed by, the terms of the Trust Deed of the Scheme.

The total value of key management personnel's interests (held personally or closely associated with the person) in the Fund at the reporting date was $646,000 (2022: $427,000).

c) Manager's management fees and other transactions

Under the terms of the Trust Deed, the Manager is entitled to receive management fees from the Funds within the Scheme. These fees are disclosed in the Statement of Comprehensive Income as "Management fees".

The Manager and/or the Supervisor are entitled to deduct or be reimbursed out of the Funds within the Scheme for other costs, disbursements, charges, or expenses incurred. The Fund incurred an expense recovery charge of $86,000 in the year (2022: $62,000), with $8,000 outstanding at the reporting date (2022: $6,000). No additional deductions or reimbursements occurred in the current year (2022: nil).

Fees due to the Manager at the reporting date are $113,000 (2022: $84,400). Total fees charged for the year are shown in the Statement of Comprehensive Income.

d) Fees paid to the Supervisor

Under the terms of the Trust Deed, the Supervisor is entitled to receive Supervisor fees. The fees paid to the Supervisor by the Fund during the reporting period are disclosed in the Statement of Comprehensive Income as "Supervisor fees".

Fees due to the Supervisor at the reporting date are $3,500 (2022: $2,600). Total fees charged for the year are shown in the Statement of Comprehensive Income.

12. Related parties continued

e) Managed Fund Rebates

As PLPP is a related party of BIML, BIML rebates its management fee of 1% where it relates to investments in the Fund. Rebates received are included in the Statement of Comprehensive Income as "Other revenue". Total rebates with respect to the investment in PLPP for the year are $1,278,000 (2022: $924,000), with $120,000 outstanding at the reporting date (2022: $90,000).

f) Investment in funds managed by related parties

With the exception of cash and cash equivalents, the Scheme invests directly into Booster Investment Scheme's Private Land and Property Portfolio. Refer to Note 6 for further details.

g) Investment by funds managed by related parties

Other funds managed by BIML invest in the Fund, as follows as at 31 March:

	2023 $'000	2022 $'000
Booster KiwiSaver Scheme		
Booster KiwiSaver High Growth Fund	10,063	8,047
Booster KiwiSaver Balanced Fund	12,738	10,441
Booster KiwiSaver Moderate Fund	3,704	3,056
Booster KiwiSaver Geared Growth Fund	2,424	1,769
Booster KiwiSaver Growth Fund	9,031	-
Booster SuperScheme		
Booster SuperScheme Conservative Portfolio	2,013	1,674
Booster SuperScheme Balanced Portfolio	7,228	5,982
Booster SuperScheme Growth Portfolio	4,039	3,287
Booster SuperScheme High Growth Portfolio	886	-
Booster Investment Scheme		
Defensive Fund	30	25
Moderate Fund	775	641
Balanced Fund	2,716	2,242
Growth Fund	1,183	969
High Growth Fund	993	816
Focus Moderate Fund	102	80
Focus Balanced Fund	276	219
Focus Growth Fund	83	64
Focus High Growth Fund	104	84
Shielded Growth Fund	76	55

h) Investment by ultimate parent company of the Manager

The ultimate parent company of the Manager, Booster Financial Services Limited, invests in the Fund as follows as at 31 March:

	2023 $'000	2022 $'000
Booster Financial Services Limited	-	1

The purpose of Booster Financial Services Limited investment in the Fund is to facilitate NZX trading.

13. Taxation

As a Listed PIE, the Fund is liable for tax at the prevailing company tax rate (28%) on taxable interest and dividends and gains and losses from its investments after the deduction of management fees and other deductible expenses. The Fund pays tax to cover the tax liability in full, for which it accumulates imputation credits. Annually a Listed PIE is required to attach imputation credits to the fullest extent under the tax rules to its distribution.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tax expense comprises:	2023 $'000	2022 $'000
Current tax expense/(benefit)	97	437
Deferred tax expense/(benefit)	-	-
Total tax expense	**97**	**437**

The prima facie income tax expense on profit before tax reconciles to the income tax expense in the Financial Statements as follows:

Tax expense comprises:	2023 $'000	2022 $'000
Profit before tax	16,248	14,008
Listed PIE profit before tax	**16,248**	**14,008**
Less: Income not assessable for taxation	(15,903)	(12,446)
Taxable Income	**345**	**1,562**
Income tax using the statutory income tax rate 28%	97	437
Income not assessable for taxation	-	-
Income tax expense as per Statement of Comprehensive Income	**97**	**437**

Imputation credits	2023 $'000	2022 $'000
Imputation credits brought forward	-	-
Imputation credits available resulting from the payment of the provision for tax	1,139	545
Imputations utilised in the period	(1,139)	(545)
Imputation credits available 31 March	**-**	**-**

14. Distributions

During the period, the Fund paid the following distributions:

	2023 $'000	2022 $'000
1 July 2021	-	399
7 October 2021	-	300
22 December 2021	-	292
24 March 2022	-	410
30 June 2022	697	-
30 September 2022	591	-
21 December 2022	847	-
30 March 2023	794	
Total distributions paid to unitholders in the period (net of imputation credits)	**2,929**	**1,401**

15. Earnings per unit

The basic earnings per units (EPU) is calculated by dividing profit after tax for the period attributable to unitholders by the weighted average number of units on issue during the period at a Fund level.

The Fund's diluted EPU is the same as the basic EPU since the Fund has not issued any instrument with dilutive potential.

	2023 $'000	2022 $'000
Profit after tax	16,151	13,571
Weighted average number of units	88,116	70,402
Basic and diluted earnings per unit (cents per unit)	**18.3**	**19.3**

16. Net tangible assets per unit

Net tangible assets per unit is a non-GAAP measure. The net tangible assets per unit is calculated on a Fund basis by dividing the net assets attributable to unitholders by the units on issue at the end of the period.

	2023 $	2022 $
Net tangible assets per unit	1.40	1.26

17. Contingent assets, liabilities, and commitments

There are no outstanding contingent assets or liabilities or commitments at the reporting date (2022: none).

18. Events occurring after reporting date

No other significant events have occurred since the reporting date which would impact on the financial position of the Scheme or on the financial performance and cash flows of the Scheme for the year ended on that date.

Building a better
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Independent auditor's report to the Unitholders of the Private Land and Property Fund (the only constituent fund of Booster Investment Scheme 2 (the "Scheme"))

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Private Land and Property Fund (the "Fund") on pages 1 to 15, which comprise the statement of financial position of the Fund as at 31 March 2023, and the statement of changes in net assets attributable to Unitholders, the statement of comprehensive income and the statement of cash flows for the year then ended of the Fund, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements on pages 1 to 15 present fairly, in all material respects, the financial position of the Fund as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

This report is made solely to the Fund's Unitholders, as a body. Our audit has been undertaken so that we might state to the Fund's Unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's Unitholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Fund in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Ernst & Young provides other assurance services to the Fund. Partners and employees of our firm may deal with the Fund on normal terms within the ordinary course of the business of the Fund. We have no other relationship with, or interest in, the Fund.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audits of the financial statements of the current year. These matters were addressed in the context of our audits of the financial statements as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audits addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of the audit report, including in relation to these matters. Accordingly, our audits included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinions on the accompanying financial statements.

Fair Value of the Investment in Private Land and Property Portfolio

Why significant	How our audit addressed the key audit matter
► The Fund's investment in Booster Investment Scheme's Private Land and Property Portfolio (the "Portfolio") represents substantially all the assets as at 31 March 2023. ► As the Fund is an investment entity, while it owns 100% of the Portfolio, this is not consolidated. Management has designated the investment as a financial asset measured at fair value through profit or loss. ► As detailed in the financial statements, the most significant component of the unit pricing of the Portfolio is the fair value of the properties it holds. The valuation of these assets is critical to the valuation of the Fund's interest in the Private Land and Property Portfolio. ► The valuation of the properties includes key estimates and assumptions which are influenced by, among other matters, prevailing market conditions. As a result, significant assumptions used in the valuation are inherently subjective. A small difference in any one of the key assumptions, when aggregated, could result in a significant change to the valuation of the properties.	Our audit procedures in relation to the valuation of the Fund's investment in Private Land and Property Portfolio (the "Portfolio") focussed on the valuation of properties within that Portfolio. This included: ► Holding discussions with management to understand: ► The valuation methodology applied to the properties; ► Capital expenditure at the relevant properties; and ► Changes in lease arrangements of each property where relevant. ► Comparing the income stream of leased properties to lease agreements and the income received and recorded by the Portfolio in the year. ► Considering the most recent external valuations received and assessing the significant input assumptions used by the valuers. ► Assessing the competence, capabilities and objectivity of the external valuers. ► Meeting with one of the external valuers to discuss a sample of the valuations completed during the year and any changes in market prices during the period.

- The fair value of the properties is determined by the Manager of the Fund. In assessing the fair value of properties the Manager considers both the most recent external valuation of the relevant property and its internal valuation at balance date based primarily on the expected annual income from the property and a rate used to capitalise the average annual income.

- For each leased property the key assumptions are made in respect of:

  - Capitalisation rates;

  - Where appropriate the maturity of the relevant planting and its progress towards full expected productivity; and

  - Expected annual earnings from leases

- For non-leased properties the key assumptions are made in respect of:

  - Productivity levels of vineyard and hop producing assets; and

  - Movements in the property market for similar assets.

- For both leased and non-leased assets the final valuation is determined taking into account current market sales transaction data for comparable properties.

- The Manager records the investment in the Portfolio based on the unit pricing assessed for the Portfolio, which includes property valuations for both leased and non-leased properties as well as other adjustments which are considered appropriate.

- Disclosure regarding the Fund's investment at 31 March 2023 are

- Considering the internal valuations prepared by the Manager. In doing so we evaluated the assumptions used, with a particular focus on changes made to the assumptions used by the relevant external valuer, and considered other external evidence assessed by the Manager such as recent sales data and marketplace information.

- Utilising our internal valuation specialists to assist in considering the more significant or subjective matters relating to a sample of the property valuations, including assessing capitalisation rates against market data as well as assessing the appropriateness of the methodology utilised for a sample of valuations.

In addition, in relation to the valuation of the Fund's investment in the Portfolio our audit procedures included assessing the unit pricing used to value the Fund's investment in the Portfolio and the appropriateness of any differences identified between the total assessed property values and this amount.

We also assessed whether the disclosures in the financial statements appropriately reflected the Fund's exposure to financial instrument risk with reference NZ IFRS 7 *Financial instruments: Disclosures*.

included in Note 6 and 8 to the financial statements.

Information other than the financial statements and auditor's report

The Manager of the Fund is responsible for the annual report, which includes information other than the financial statements and auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

Manager's responsibilities for the financial statements

The Manager is responsible, on behalf of the Fund, for the preparation and fair presentation of the financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing on behalf of the Fund, the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of Unitholders taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audits of the financial statements is located at the External Reporting Board's website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/. This description forms part of our auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Stuart Mutch.

Ernst + Young

Chartered Accountants
Wellington
9 June 2023

Booster Investment Scheme 2:
Private Land and Property Fund
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