

Private Land and Property Fund

of the Booster Investment Scheme 2

Statement of Investment Policy and Objectives

Effective Date of SIPO	15 March 2024
Version No.	24.0

Private Land and Property Fund

1. Description of the Fund

The Private Land and Property Fund (**Fund**) is a managed investment product established under the Booster Investment Scheme 2 (Scheme) which is a registered managed investment scheme under the Financial Markets Conduct Act 2013 (Act). The Scheme is managed by Booster Investment Management Limited (Manager).

The Fund provides investors with an opportunity to invest primarily in a specialised portfolio of directly held, 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').

2. Investment and return objectives

- a. **Investment objective.** The Fund aims to provide investors with a complementary and enhanced risk / return outcome compared to traditional listed property investments.
- b. **Return objective.** The Fund aims to generate an average annual long-term return of about 6.5% p.a. (before tax, but after all fees, charges and costs) over rolling 7 year periods from a combination of income and capital gain as properties reach full productive capability.

3. Investment philosophy

The Manager's investment philosophy for the Fund is to invest in properties that will provide a combination of income distribution and capital growth-based return for investors, and where the Manager can identify opportunities for added value through the pro-active management of the properties. The Manager intends to make long term property investments.

4. Investment strategy

- a. **Investment strategy.** By holding units in the Private Land and Property Portfolio of the Booster Investment Scheme (**Wholesale Portfolio**), the Fund aims to obtain investment exposure primarily in a specialised portfolio of directly held, unlisted, agricultural and horticultural land and other property investments in New Zealand, which may be supplemented with direct investments in industrial, commercial, and retail properties.

The Wholesale Portfolio, in which the Fund invests, may borrow to invest in more Property or to develop Property already held by the Wholesale Portfolio.

- b. **Permitted investments.** The permitted investments of the Fund are:
 - i. Units in the Private Land and Property Portfolio of the Booster Investment Scheme (**Wholesale Portfolio**).
 - ii. Cash and cash equivalents, which will be held to manage the redemption of units in the Fund, plus any income received from the Fund's investments which will be distributed to investors.
 - iii. Through its investment in the Wholesale Portfolio, the Fund may obtain exposure to any of the following investments:

- Any New Zealand unlisted property, unlisted property security or managed fund which provides exposure to New Zealand unlisted property investments.
- New Zealand listed property securities may be held from time to time depending on the availability of suitable unlisted investments.
- Australian and overseas unlisted property either directly or through managed funds, up to 5% of the Fund.

A copy of the SIPO for the Wholesale Portfolio can be obtained by contacting Booster.

- c. **Strategic asset allocation.** The strategic asset allocation for the Fund (including benchmark asset allocations and allowable ranges) as at the date of this SIPO, are set out below:

Asset Class	Minimum %	Benchmark %	Maximum %
Cash & Cash Equivalents	0	0	10
Unlisted Property	90	100	100

On a 'look through' basis, including the investment exposure obtained through its investment in the Wholesale Portfolio, the strategic asset allocation (including benchmark asset allocations and allowable ranges) as at the date of this SIPO are:

Asset Class	Minimum %	Benchmark %	Maximum %
Cash & Cash Equivalents	0	0	35 ¹
Unlisted Property	65	100	100
Listed Property	0	0	25

¹ A large cash allocation is only intended to occur temporarily as a result of transactional activity (e.g. a recent sale or a pending acquisition)

- d. **Maximum holding.** Once the Wholesale Portfolio, in which the Fund invests, reaches the expected breadth of unlisted investments (defined as more than ten properties), any individual property security is to comprise no more than 40% of the overall portfolio's assets. However as initial investments are purchased in the establishment phase of the Wholesale Portfolio, this limit may not initially be applicable.

5. Investment policies

- a. **Distributions.** The Fund may receive distributions from its investment in the Wholesale Portfolio or interest from its cash holdings. The Manager will aim to pay quarterly distributions to investors of any net cash income received by the Fund.
- b. **Leverage.** The Fund itself will not borrow. However, through its investment in the Wholesale Portfolio up to 65% of its total asset value may be borrowed. A benchmark of 40% and a soft limit of 50% will apply to provide a suitable margin in case of any increase in gearing due to a fall in asset values.
- c. **Derivatives.** The Fund itself may not use derivatives. However, through its investment in the Wholesale Portfolio, derivatives may be used for risk management purposes, in relation to property investments or interest rate risk on associated borrowing. Derivative instruments that may be used are limited to:
- Over the Counter (**OTC**) or Exchange Traded futures contracts.

- OTC or Exchange Traded options.
- OTC FRA's, Swaps or other derivative instruments.
- An OTC counterparty must have a Standard and Poor's rating of A or better.

All derivative positions must be backed by cash or relevant physical holdings. For the purpose of valuation and compliance with these investment instructions, all derivative exposures must be calculated on a mark to market basis.

- d. **Valuations.** For unit pricing purposes, the units held in the Wholesale Portfolio will be valued at the redemption price issued by the Manager of that fund.

For each direct property held by the Wholesale Portfolio, the valuation policy to be applied:

- Each direct property will be formally valued by the Manager at least annually, using the methodology as agreed between the Manager and the Supervisor as the one most appropriate to each particular property.
 - At least every two years, an independent valuation will be obtained. This independent valuation will be used to guide and place an upper limit on the Manager's valuation. It should be noted that the Manager's valuation could be lower than the independent market valuation due to specific factors the Manager considers not to have been fully accounted for by the independent valuer.
 - The Manager will review the property value on a more frequent basis during the year to assess the potential for a material change in value.
 - As far as practicable, the formal valuation of the land and properties held by the Fund will be spread across the financial year.
- e. **Liquidity management.** The Manager will monitor the liquidity of the Fund (including availability of liquidity from an underlying fund) and ensure sufficient liquidity to continue operations as a going concern at all times. It is also the policy of the Manager to adopt a tiered withdrawal fee structure which, in conjunction with limited redemption windows, manages short-term liquidity requirements. As part of its liquidity management, the Fund reserves the right to refuse to accept or to reduce an investors application where it, or the Wholesale Portfolio, is carrying excess liquidity and the Wholesale Portfolio does not have an opportunity to invest subscription money in new investments in 60 days.

6. Investment performance monitoring

The Manager will undertake a regular review (at least quarterly) of the investment performance of the Fund relative to the Fund's objectives, which will be reviewed by the Manager and the Investment Committee on an annual basis.

7. Investment strategy and SIPO review

The Manager will review the Fund's investment strategy and this SIPO at least annually.

As the Fund is a long-term investment, it is not expected that the investment objectives and expectations in the SIPO will necessarily change frequently or annually. Short term changes in Fund returns should not generally lead to an adjustment in investment objectives or expectations.

The Fund's investment strategy and SIPO may be reviewed at any time should the Manager deem it necessary, for events such as where:

- New legislation affects investment requirements.
- Fundamental changes in the long term social, political or economic environment suggest a change in investment principles and expectations.
- A significant change occurs to the underlying demographics of the Fund.
- New types of investment opportunities require consideration for inclusion in the Fund.
- The Fund's competitive or market position has implications for investors' assets and/or liquidity.

Any changes to the investment strategy or this SIPO will firstly be approved by the Manager's Investment Committee. Once approved, the Manager will consult with the Supervisor and give them written notice of any changes before they take effect. The current version of the SIPO for the Fund is available on the scheme register at www.disclose-register.companiesoffice.govt.nz. Any material changes to the SIPO will be advised in the Booster Investment Scheme 2 annual report, also available on the scheme register.