



Dairy Enhancement Fund

Statement of Investment Policy and Objectives (SIPO)

Roger Dickie (N.Z.) Limited

11 February 2026

1. Description of the Fund

The Dairy Enhancement Fund ("Fund") is a managed investment scheme registered under the Financial Markets Conduct Act 2013 ("FMCA"). The Fund was established under a trust deed ("Trust Deed") between Roger Dickie (N.Z.) Limited (the "Manager" or "RDNZ") and Covenant Trustee Services Limited (the "Supervisor"). The Trust Deed governs the Fund.

RDNZ is the manager of the Fund. The Manager is responsible for ensuring that the Fund is managed in accordance with the objectives and policies outlined in this SIPO, the FMCA, and the Trust Deed.

The Supervisor is the licensed supervisor of the Fund. The Supervisor is responsible for supervising the Manager's performance of its functions.

Dairy Enhancement Fund Trustees Limited (the "Custodian") is the custodian of the Fund. The Supervisor has appointed the Custodian to hold title to the assets of the Fund on behalf of the Investors. The Supervisor holds the shares in, and has appointed the directors of, the Custodian.

Units in the Fund ("Units") are held by investors in the Fund ("Investors"). Each Unit is of equal value and confers an equal interest in the Fund. RDNZ offers new Units to Investors under a continuous issue Product Disclosure Statement ("PDS").

The Fund invests solely in farming assets and stock (as defined in section 3), and has been established to acquire, enhance and develop a diversified dairy farming investment portfolio.

The Fund has no fixed term. The Fund may be terminated in accordance with the Trust Deed.

2. Investment Objectives, Strategy and Philosophy

Investment objectives

Farming, by nature, is a long-term investment. The primary objectives of the Fund are to, over time:

- Acquire, enhance and develop a diversified portfolio of farming assets through dairy farming regions of New Zealand by investing in freehold real property and other farming assets;
- Manage those farming assets with the intention of generating regular returns to Investors (and, where appropriate, distributing those returns to Investors) by producing and selling milk; and
- To the extent returns are not distributed to Investors, increase the net asset value of the Fund and as a result generate capital growth in the value of Investors' Units.

Over time, the Manager intends to grow the Fund's portfolio by acquiring freehold real

property and other farming assets with the intention being to milk up to 5,000 cows per annum across a number of dairy farms in New Zealand.

The secondary investment objectives of the Fund are:

- to enhance the value of the Fund properties by applying the farming management systems currently implemented across the Manager's existing investment farms unlocking increased capital growth in the farming assets and value of Investors' Units; and
- be a good steward of the land, protecting waterways, enhancing the soil, and promoting environmental practices that benefit climate change mitigation, increase biodiversity, and improve soil conservation and freshwater quality.

The Manager targets a cash return of 6.5% per annum and a long-term average return for the Fund (after all fees and costs but before tax) of between 7% and 9% per annum. This is not a forecast return, and the Manager does not guarantee that this target return will be achieved.

Investment strategy

The Manager's strategy in respect of the Fund is:

- To invest, in the ordinary course of business, in freehold real property and other farming assets (to create, over time, a diversified dairy farming portfolio).
- To leverage the Manager's experience, and public and private networks, to source and acquire quality farming assets that meet the objectives of the Fund.
- To manage the Fund and the revenue-generating activities of the Fund in a way intended to allow the Manager to make distributions to Investors while maximizing the returns (cash and capital) of the Fund.
- To target farming properties with strong underlying fundamentals but clear opportunities for operational improvement, where the application of the Manager's farming management systems can enhance, productivity, profitability and long-term capital value.

In pursuing the above strategy, the Manager has all of the powers to manage and administer the Fund set out in the Trust Deed and the FMCA, including to (without limitation):

- Purchase, lease, take on, hire, or otherwise acquire any real or personal property for farming purposes and sell, lease, or dispose of any of them in such manner and subject to such terms and conditions as determined by the Manager in accordance with the Trust Deed.
- Purchase, rear and trade and sell any stock, as required to carry out day to day farming operations.
- Purchase farming plant and equipment as required to carry out day to day farming operations.
- Borrow monies upon the security of any real and personal property or part thereof upon such terms and conditions set out in the Trust Deed and this SIPO.

- Place monies awaiting investment on fixed or floating rate deposit.
- Hold shares or units in the dairy processing companies as are required to sell milk to the processors.
- Hold shares or units in fertiliser companies.
- Invest in Farming Funds (being any managed investment scheme or other fund offering interests in a fund with farming asset investments).
- Manage, develop, sell, lease, or otherwise deal with or dispose of any property or other asset acquired or held by the Fund.
- Undertake such further or other business or operations as the Manager considers appropriate in all the circumstances and which complies with the Trust Deed and the conditions of RDNZ's managed investment scheme manager licence.

Philosophy

The Manager's investment philosophy is to invest in undervalued dairy farming and dairy support land with potential to increase milk production by applying the farming management systems currently implemented across the Manager's existing investment farms and unlocking increased capital growth in the farm assets and value of Investors' Units. The fund aims to provide investors with diversified exposure to land backed investments and productive livestock, offering income potential and sustainable capital growth.

3. Authorised investments

The Fund's authorised investments are any assets resulting from the activities referred to in the 'Investment strategy' section above (referred to in this SIPO as "farming assets"), including the, land, buildings, plant and equipment, livestock, shares in dairy processing or fertiliser companies, interests in Farming Funds, bank deposits, and any other assets which relate directly to, or arise from, investment in and ownership of the Fund's land and stock (for example, existing dwellings on the land and selling or granting leases of land used for farming). There are no limits on the proportion of each type of asset the Fund can invest in.

4. Target farming asset allocations

Within 3 years of the initial launch of the Fund, the Manager intends for the Fund to primarily invest in the following types of farming assets:

- Existing dairy farms with potential in increase production.
- Farm land suitable for conversion into dairy farming.
- Dairy support land.
- Stock.
- Supply shares in dairy companies (i.e. Fonterra).

The Fund's actual asset mix of farming assets at any time will depend on a large number of factors, including the availability of quality farming assets for purchase, the amount of funds under management at any given time, and the time it takes for the Fund to reach the required scale. Given the long-term nature of the Fund, the Manager's asset allocation may also change over time, including in response to changes in the industry or the economy more generally. For these reasons, the Manager has opted not to include target farming asset allocation ranges as it is unlikely that asset allocation ranges would remain accurate or be material to an Investor.

Accordingly, there are no limits on the nature or type of investments that may be made by the Fund, or on the proportion of each type of asset invested in, for the purposes of section 164 of the FMCA.

5. Investment policies

The Manager manages the Fund under the following key policies:

Process for the Acquisition and Operation of Dairy Farms

The Manager applies the following principles to the acquisition and operation of the dairy farming properties for the Fund:

- Quality and well-located land and/or stock fit for the purpose of dairy farming is selected by the Manager and due diligence is undertaken.
- If the results of due diligence are satisfactory to the Manager, it will enter into a contract for the purchase of the land and/or stock and will arrange for financing for the acquisition (including through borrowing).
- Consultants are engaged to provide forecast cashflows and land values for the land and/or stock proposed to be purchased by the Fund. If the results of the feasibility studies and valuations meet the Manager's criteria, the Manager will proceed with the acquisition.
- Each farm is operated using dairy farming practices suitable for the location of the farming asset.
- Any farm land identified as suitable for conversion to dairy farming is managed to maximise capital uplift and forecast cashflows when operated under our farm management model.
- The Manager currently ensures that insurance is maintained over farm land, buildings, plant and equipment, and stock. The Manager will continue this practice for so long as it considers doing so to be appropriate, taking into account the nature and scale of the Fund's operations and the availability and pricing of relevant insurance cover. The Fund may utilise group self-insurance or collective insurance arrangements, including with related parties, for this purpose.
- Farms and/or stock may be sold to unlock potential capital uplift from time to time.

Distributions and Cash Reserves

Part of the Fund's objective is to acquire and to manage investments of the Fund with the intention of generating returns (operating profit) to the Fund.

The Manager intends to make annual distributions each December. Until the Initial Lock-Up Date (being the end of the second full financial year after the launch of the Fund), the Manager may elect to not pay an annual distribution as it continues to raise funds, although it may, and its discretion, make distributions prior to that date.

It is the Manager's intention to review the Fund's position annually, beginning 1 June 2027, and to make distributions to Investors from the operating profit of the Fund (net of any adjustments) if the Manager considers doing so to be commercially sustainable. Adjustments to the operating profit may be made for such reasons as building cash reserves (including to fund the operational and investment activities of the Fund), meeting working capital requirements, funding an acquisition, repaying bank borrowings, or funding redemptions. The Manager may also borrow for the purposes of funding distributions.

The terms of the Manager's current distribution policy (which can change from time to time) are set out in the PDS.

Redemptions and Third-Party Sale of Units

Redemptions of Units are not generally available prior to the Initial Lock-Up Date (i.e. 31 May 2027) or such other date determined by the Manager ("Initial Lock-up Date"). After that date, the Manager may (but is not required to) offer annual redemptions of Units. The Manager may also (but is not required to) allow withdrawals in cases of financial hardship at any time.

If offered, redemptions will be limited to the Annually Available Funds, which will be:

- 1% of the Adjusted NAV (as defined in the Trust Deed) per annum; or
- any other amount determined by the Manager from time to time having regard to the future requirements of the Fund (which may be greater or lesser than 1% of the Adjusted NAV).

The Manager may suspend or otherwise restrict redemptions at any time in accordance with the Trust Deed, including if the Manager considers that the payment of redemptions could compromise the Fund's ability to meet its other payment obligations.

Investors may also transfer their Units to another person in accordance with the Trust Deed. No pre-emptive rights apply to sales of Units, and, if requested, the Manager may assist by facilitating the sale of Units to its wider investor base (known as the 'Secondary Market'). There is no established or guaranteed market for such sales.

Borrowing

The Fund has the ability to borrow in accordance with the Trust Deed. For the purposes of clause 18.3a of the Trust Deed (Limitations on Borrowings), the following limits currently apply to borrowing on behalf of the Fund:

- 1) Acquisition borrowing: The Fund may borrow for the purposes of acquiring farming properties, provided that Total Borrowing (as defined below), does not exceed 50% of Total Assets.
- 2) Working Capital borrowing: The Fund may borrow for the purposes of funding the day-to-day expenses of the Fund (including for the purposes of funding distributions, redemptions or fees), provided that:
 - a) the principal moneys borrowed and outstanding under this paragraph 2) does not exceed 20% of Total Assets at any time; and
 - b) Total Borrowing under paragraph 1) and 2) does not exceed 50% of Total Assets.

For the purposes of the above, “Total Borrowing” means the aggregate of the principal moneys borrowed and outstanding in respect of the Fund or secured against the Fund’s assets at the time of the borrowing plus the principal moneys proposed to be borrowed.

Borrowing parameters apply. Should a policy or banking condition be at risk of being breached, the Manager shall look to raise additional capital via issue of Units. The above borrowing limits may change in the future.

The Fund intends to operate long term with total borrowing not exceeding more than 20% of Total Assets.

Interest Rate and Hedging Policy

The fixing of borrowing rates reduces the risk profile of the Fund. Because of the nature of the Fund’s intended borrowing and the volatility in cashflow, the Fund is likely to carry only a small portion of fixed interest rate hedging.

Related party transactions

- The Manager has adopted policies in relation to related party transactions and conflicts of interest.
- Each director and employee will act in the best interest of the Fund and the Investors of the Fund in relation to any related party transactions entered into or proposed to be entered into in relation to the Fund.
- The Manager conducts all transactions with related parties of the Fund in accordance with the restrictions set out in the FMCA.
- Under the FMCA, the manager of a managed investment scheme (and any investment manager, administration manager, or other person to whom the manager has contracted some or all of its manager functions) is prohibited from entering into a transaction that provides for a related party benefit to be given.
- However, the FMCA provides an exemption for related party transactions if:
 - the manager notifies the supervisor of the scheme of the transaction, the related party benefits given under that transaction, and the key terms of the transaction; and
 - either:
 - the transaction is ‘permitted’ in accordance with the FMCA and the manager certifies to the supervisor to this effect; or

- the manager obtains the supervisor's consent to the transaction. That consent can only be given where the supervisor considers it to be in the best interests of Investors, or it is approved by (or contingent on) approval by a special resolution of affected Investors.

Acquisition of interests in, or assets from, a Farming Fund

The Fund may acquire interests in Farming Funds, or acquire farming assets from Farming Funds, from time to time.

The Manager will undertake due diligence on any proposed acquisition of interests in a Farming Fund prior to acquisition, taking into account the particular fund structure and associated assets and liabilities.

The Manager will apply relevant principles outlined under 'Process for the Acquisition and Operation of Dairy Funds' above to any proposed acquisition of farming assets from a Farming Fund, subject to any modifications the Manager considers necessary.

Where the relevant Farming Fund is issued or managed by the Manager or a related party of the Manager, the Manager will comply with the restrictions set out in the FMCA in relation to that transaction, as outlined above. For this purpose, the Investment Committee (see section 6 below) has established processes designed to ensure compliance with those restrictions.

Valuation Policy

The Fund's assets are valued in accordance with the Trust Deed.

Land and buildings

Valued at least annually as at the end of the Fund's financial year (31 May) by an appropriately qualified independent valuer. A full inspection valuation is obtained at least every three years, with desktop valuations in the intervening years or when otherwise considered appropriate.

Livestock

Valued at least annually as at the end of the Fund's financial year (31 May) by an appropriately qualified independent valuer, using fair value methodologies appropriate for dairy livestock. Livestock valuations may be desktop valuations supported by current market data.

Cash and bank deposits

The face value of the cash or bank deposit (as the case may be) plus any accrued interest.

Farming Funds

Where a Farming Fund is not listed on an exchange, then:

- the most recent unit price issued by the Farming Fund of which the Manager is aware on or prior to the relevant date; or

- where the Farming Fund does not issue a unit price, the Fund's proportionate interest in the Farming Fund, amount calculated with reference to the net equity of the Farming Fund shown in the most recent financial statements of the Farming Fund

Assets listed in an exchange

The value determined by the Manager, by reference to the most recent price quoted for the last sale of the asset on the relevant exchange, or if that price is not available or not appropriate, the value determined by the Manager acting reasonably, having regard to such information the Manager considers appropriate.

Derivative financial instruments

The mark to market valuation provided by a financial institution or valuer or commercially accepted valuation system.

Other assets and liabilities

- In the case of assets valued by or for the issuer of those assets, the most recent valuation made of those assets of which the Manager is aware.
- In the case of any other asset, the amount agreed upon between the Manager and the Supervisor as the estimated market value.

Taxation Policy

The Fund is a Unit Trust and is therefore taxed under the ordinary taxation rules that apply to unit trusts in New Zealand. This means that under the Income Tax Act 2007 it is taxed as if it was a company.

To ensure the Fund complies with New Zealand tax requirements, the Fund must, among other things:

- Ensure that distributions or other payments to New Zealand resident Investors are treated as dividends for New Zealand tax purposes and that any applicable Resident Withholding Tax (RWT) is deducted;
- Ensure that distributions or other payments to non-resident Investors comply with Non-Resident Withholding Tax (NRWT) requirements, with rates determined by the imputation ratio of the distribution and the Investor's country of residence;
- Monitor and apply the correct tax treatment on redemption, disposal or sale of Units;
- Calculate the Fund's annual income tax liability in accordance with the provisions of the Income Tax Act 2007 and maintain an accurate imputation credit account; and
- Maintain accurate records and reporting to ensure compliance with all withholding and disclosure obligations under New Zealand tax law.

See the PDS for more information on tax.

6. Investment Governance and Management

The Manager has established an Investment Committee, which is made up of senior managers of RDNZ and other persons appointed by the board of directors of the Manager ("Board") from time to time.

The Investment Committee is responsible for making investment decisions in respect of the Fund, in accordance with processes determined by the Investment Committee and approved by the Board from time to time.

The Investment Committee may recommend changes to the SIPO, which the Board will consider.

7. Investment Performance Monitoring

The Investment Committee provides regular reports to the Board, including:

- Accounting information over the period including a balance sheet and transaction details.
- Performance against financial covenants such as Loan to Value Ratio (as defined in the bank loan facility) and compliance with other bank covenants.
- Forecast financial information.
- Key Fund metrics.

The Manager's Compliance Officer is responsible for monitoring compliance with this SIPO. The performance against this SIPO is annually against the limits and guidelines set in this SIPO. A report will be made available to the Supervisor after the review.

8. SIPO Reviews and Updates

The SIPO will be formally reviewed each June or where a material change occurs in relation to the Fund which may cause the SIPO to no longer be appropriate for its purpose. That review will take into consideration the following factors (among others):

- Changes to the FMCA.
- Any changes made in best practice operations for farming management in New Zealand.

Any changes are approved by the Board. In accordance with the Trust Deed, the Manager will:

- obtain the Supervisor's prior approval of any proposed changes to the SIPO (which it cannot unreasonably withhold or delay); and
- provide Investors with at least one month's prior notice of any change in the SIPO, unless the Manager and the Supervisor agree the change is not material.

The latest SIPO is available on the schemes register at www.disclose-register.companiesoffice.govt.nz.