



Norfolk Mortgage Trust

Fund Update for March 2018



DIRECTORY

1. Why should I Invest with Norfolk?
2. Fund Update
3. Proposed Fund Merger
4. Investment returns Norfolk (No.2) Trust
5. Investment returns Norfolk Mortgage Trust
6. Covenant Trustee Limited
7. Director Profile

Directors

Jack Porus BCom LLB
Craig Urquhart BBS Banking and Finance
Stu Smith Dip Finance and Banking
Alastair Flett BCom, B Ag, CA

Manager

Glenys Holden LLB

Website

www.norfolktrust.co.nz

Companies Office Disclose Register

www.companiesoffice.govt.nz

Contact

Email: info@norfolktrust.co.nz
Telephone: 0508 777 707

Address

70 Shortland Street, Level 1
Auckland 1140

PO Box 220
Shortland Street
Auckland 1140

1. WHY SHOULD I INVEST WITH NORFOLK?



- Norfolk is a managed fund that spreads your investment across a range of mortgages over New Zealand property.
- An experienced manager administers the fund and chooses the investments - you do not require in depth knowledge.
- Norfolk is a PIE fund with a maximum tax rate of 28.0%.
- All funds are distributed with tax paid.
- Interest on your investment is paid monthly.
- Our funds are run by New Zealanders for New Zealanders.
- We know our Investors and we provide competitive returns.
- Norfolk invests in New Zealand's future.

Norfolk is looking for further investments. If you would like to discuss this investment opportunity please give us a call on 0508 777 707. Please pass this onto to anyone who may be interested.

2. FUND UPDATE



It has been a busy start to 2018 here at Norfolk. After careful consideration the Directors recommend that it is in the best interests of Investors for Norfolk 2 to merge with Norfolk 1 at the end of March 2018.

A meeting to discuss the proposed merger will take place at Glaister Ennor, Level 1, 18 High Street, Auckland on Monday, 26th March 2018 at 2.30 pm followed by afternoon tea. If you are coming to Auckland for the meeting please contact us and we will be able to assist with parking information, and we will also be able to validate your parking.

Name	Norfolk Role	Contact
Glenys Holden	Manager	0508 777 707
Jack Porus	Director/Chairman	021 397 712
Alastair Flett	Director	027 353 8865
Craig Urquhart	Director	0275 999 222
Stu Smith	Director	021 800 222

3. PROPOSED FUND MERGER

On 29 November 2016, the Manager for the PMIT fund merged with the Manager of the Norfolk fund. With steadily increasing compliance costs, there was and still is a need for a reasonable scale business to remain viable.

On the same day, the PMIT fund changed to a PIE compliant fund and came under the master Norfolk Trust Deed. This PMIT fund has continued to run as a separate fund (known as Norfolk 2). The operation of Norfolk 1 and Norfolk 2 funds has required the duplication of many processes and costs – such as accounting, audit and supervisory costs. During this time the Manager has steadily improved the returns of Norfolk 2 by exiting non performing loans, replacing or renewing loans with higher yielding loans and operating the fund more efficiently such as minimising liquidity that earns low deposit interest.

The Manager has now proposed to improve the efficiency of the funds another step by Norfolk 1 acquiring both the assets and liabilities of Norfolk 2. This will merge the two funds.

A notice of a special meeting was sent to all Norfolk 2 Investors last week advising that there will be a meeting held on 26 March 2018 in Auckland to vote on this proposal. All Norfolk 2 Investors are invited to attend or provide their proxy for the vote.

The unit value of Norfolk 2 however is slightly lower than the unit value of Norfolk 1. This will mean that if the merger is approved, unit holders of Norfolk 2 will then receive between 1% and 2% less Norfolk 1 units than the number of units they currently hold in Norfolk 2.

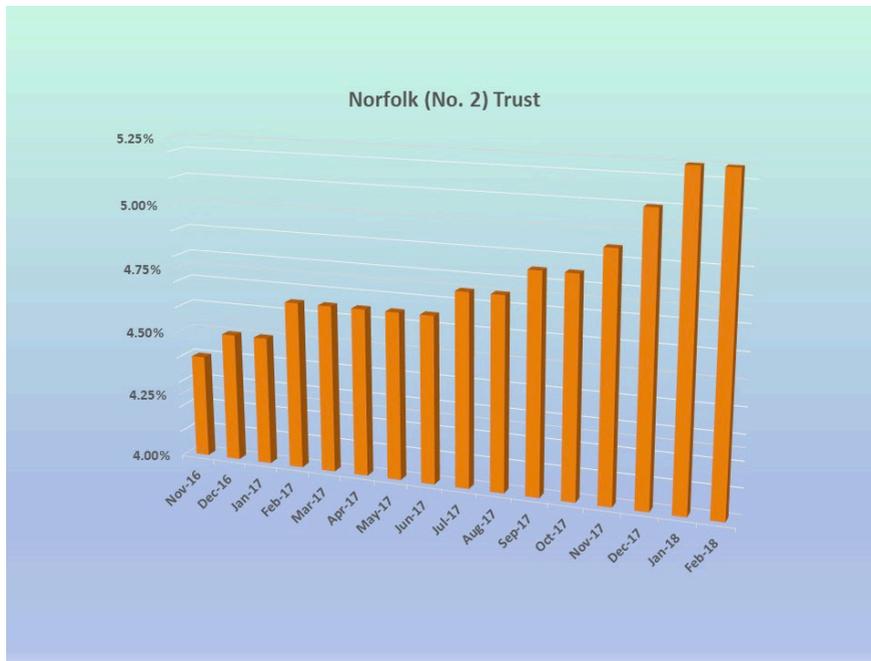
The Manager is confident that the monthly cash returns to Investors will continue to improve above the historic returns that have been paid to Norfolk 2 investors.

If you have any questions regarding this proposal to merge the funds please contact either your financial advisor or any one of the contacts below. You may also wish to refer to your Solicitor who will be able to explain the merger process and how that will affect you.

AMENDMENTS TO DISTRIBUTION DATES

Distribution for Norfolk (No. 2) Trust, due 1 April 2018 for March 2018, will be made on 28 March 2018. To align with the Norfolk 1 interest distribution cycle, there will be an interim distribution payment to Norfolk (No. 2) Trust Investors, representing two weeks interest, to be distributed on 15 April 2018. A further two weeks interim distribution payment will be made on 15 May 2018. On 15 June 2018, and every month thereafter, your payment will reflect an entire month's distribution. If you have any queries about your distribution payments please do not hesitate to contact us.

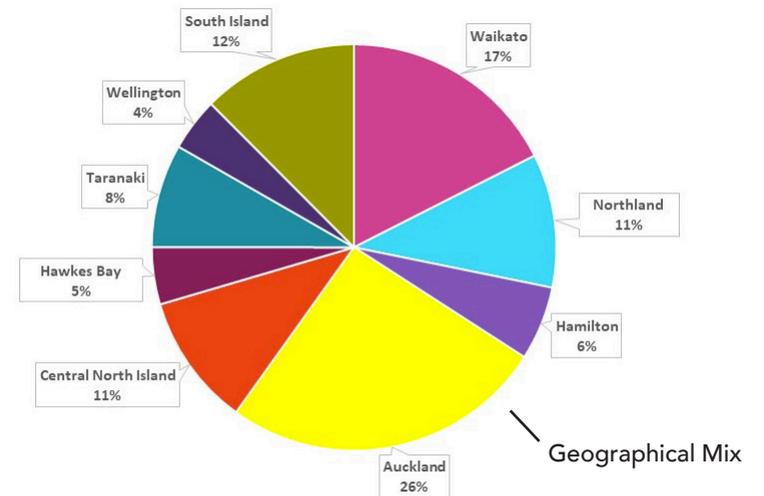
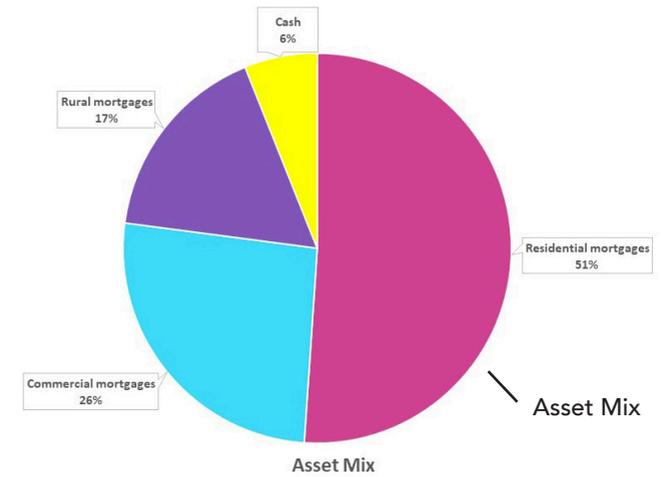
4. HISTORICAL GROSS QUARTERLY RETURNS FOR NORFOLK (NO. 2) TRUST



The returns for Norfolk (No. 2) Trust have continued to improve over the past 12 months. The interest return to Investors has grown from 4.50% in November 2016 to 5.25% currently.

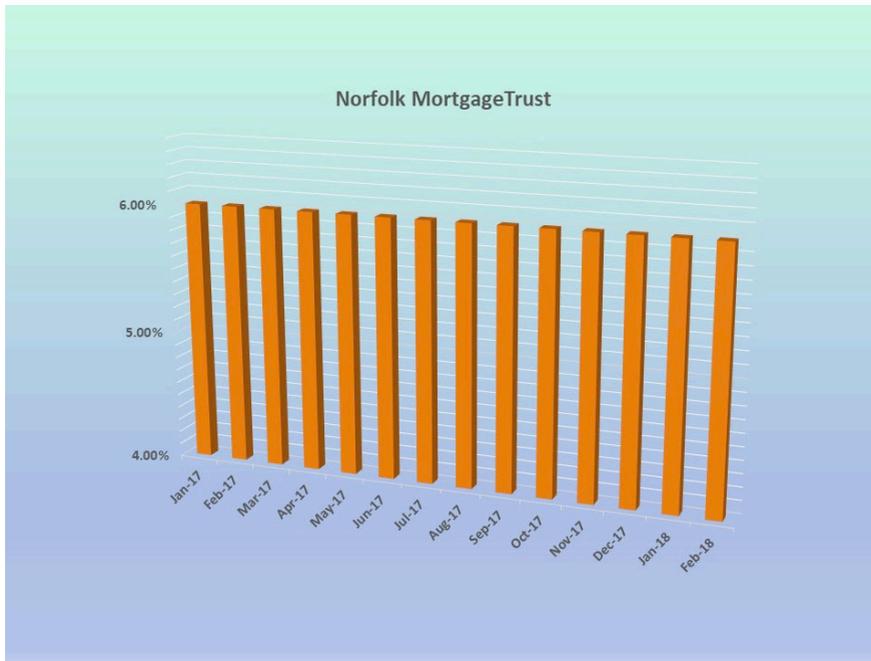
* Past performance is no indicator of future performance.

NORFOLK (NO. 2) TRUST



• The average loan to value ratio for Norfolk (No. 2) Trust loans is 41.44%

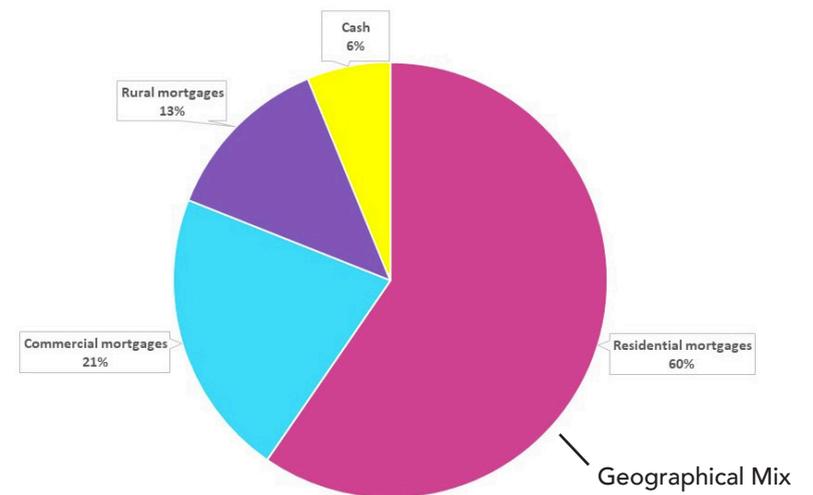
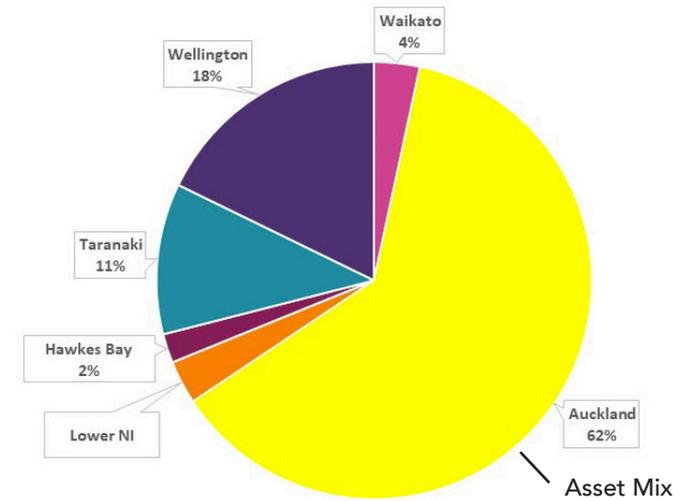
5. HISTORICAL GROSS QUARTERLY RETURNS FOR NORFOLK MORTGAGE TRUST



Norfolk Mortgage Trust has continued to perform well and we have been able to maintain a steady 6.0% p.a. gross return to our Investors.

* Past performance is no indicator of future performance.

NORFOLK MORTGAGE TRUST



• The average loan to value ratio for Norfolk Mortgage Trust loans is 47.01%

6. COVENANT TRUSTEE SERVICES



Covenant Trustee Services Limited

The Norfolk Mortgage Trust (the Scheme) is governed by a Trust Deed between Norfolk Mortgage Management Limited, as Manager of the Scheme and Covenant Trustee Services Limited (Covenant), as Supervisor of the Scheme. The Trust Deed sets out the terms on which units in the Scheme have been issued and Covenant oversees compliance with the trust deed by the Manager on behalf of Investors.

Who Is Covenant?

Covenant was established in 1988 and holds a licence to act as a Supervisor that was issued by the Financial Markets Authority (FMA). Since 1 May 2015 Covenant has been part of the Complectus Group of companies that also includes the New Zealand Guardian Trust.

Covenant is very experienced in supervising a range of investments including retirement villages, debt securities, property syndications, forest syndications and unit trusts. Covenant currently supervises managed investment schemes with assets in excess of \$10 billion.

Covenant has been the Supervisor for the Norfolk Mortgage Trust since 2006 when it was first established.

What is Covenant's Role?

Covenant's responsibilities are set out in the Trust deed and in legislation such as the

Financial Markets Conduct Act 2013. It is responsible for supervising the Manager's performance of its functions and issuer obligations, and the financial position of the Manager and the Scheme. This role is undertaken on behalf of investors. The FMA licensing of the Manager does not detract from their need to fulfil these requirements. Covenant also acts as the Custodian of the Scheme via its nominee company Norfolk Nominees Limited. The Custodian holds all of the schemes assets (cash and mortgages) on trust on behalf of Investors.

Covenant has a duty to act in the best interests of Investors and to exercise reasonable diligence in carrying out its functions.

How to Contact Covenant

If you would like to contact Covenant you can do so as follows:

Contacts – Stephanie Cross or Pamela Wong

Email : stephanie@covenant.co.nz or pamela@covenant.co.nz

Phone: 09 9273884 or 09 9273885

7. DIRECTOR PROFILE

Craig Urquhart



Right: Craig and his Harley at the Muscular Dystrophy Kids Christmas Camp at Ngaruawahia.

After obtaining a BBS in Business and Finance, Craig has spent 30 years working in banking and finance. In 2000, Craig was the founding director of a New Zealand based Merchant Bank and holds several directorships within the property and finance sector.

In his spare time Craig enjoys spending time with his family, ocean swimming and his Harley motorbike. Craig participates in a number of charitable events every year and is the Muscular Dystrophy representative for the Harley Owners Group. The Muscular Dystrophy Association of New Zealand is a non Government funded charity and the Harley Owners Group are active supporters of this organisation.



Norfolk (No. 2) Trust Meeting

26/03/2018

Monday 2:30pm

Level One
Glaister Ennor
18 High Street
Auckland

Contact us for parking information and validation

Happy to Help

Drop us a line or send us your questions, comments or suggestions,
and we will respond as quickly as possible.

Email: info@norfolktrust.co.nz | Phone: 0508 777 707
Address: PO Box 220, Shortland Street, Auckland 1140