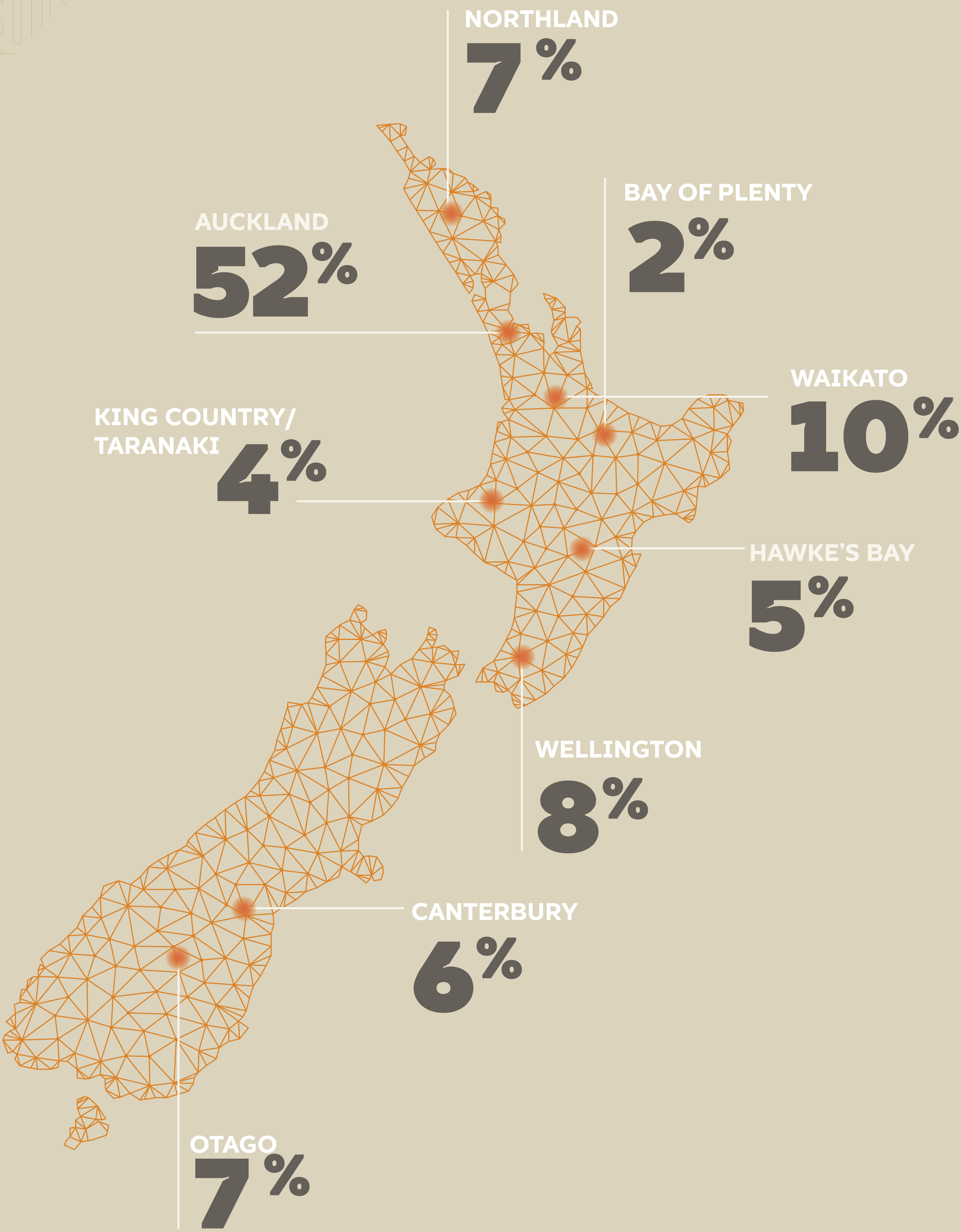
NORFOLK
MORTGAGE TRUST

2019 - 2020

ANNUAL REPORT AND FINANCIAL STATEMENTS

CONTENTS

NORFOLK MORTGAGE TRUST LOANS BY REGION



LETTER
FROM THE CHAIRMAN

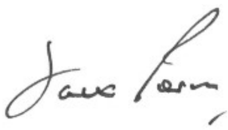
Dear Unitholders

I have pleasure in presenting the accounts for Norfolk Mortgage Trust for the year ending 31 March 2020. It has been a successful year for the Trust, with the fund recording growth of 13.67% over the period and maintaining an average return to unitholders of 6.00%. We have been successful in sourcing good quality loans and the financial statements show a weighted average loan to value ratio of 39.90%.

The impact of the Covid-19 outbreak on the Trust and its' operations have been the subject of ongoing detailed analysis. We continue to closely monitor the impact on the New Zealand economy, and property market in particular, as well as how the lockdown has affected and continues to affect both our unitholders and borrowers. The lockdown has had no material effect on either the return to unitholders, the security of the Trust's assets, or any compliance limits.

We are looking forward to the next 12 months and would like to thank you for your ongoing support of Norfolk Mortgage Trust.

Yours faithfully



Jack Porus
CHAIRMAN

OUR PEOPLE

JACK PORUS LLB, BCom
Chairman

A founder of Norfolk Mortgage Trust, Jack brings extensive experience to his role as Chairman at Norfolk Mortgage Management Ltd. He has been the managing partner of Glaister Ennor, a well-respected Auckland law firm for over 30 years. He brings a wealth of experience in property investment, commercial law and business advisory work with both private and public companies and investors.

Jack is the director of a number of substantial companies and a trustee of both personal and charitable trusts. He and his wife have two sons and enjoy travelling.

STU SMITH BAgr, Dip (Finance & Banking)
Executive Director

Stu Smith is a director on the Norfolk Mortgage Management board. In 2006, together with Jack Porus, he started Norfolk Mortgage Trust. Originally a property valuer in the Waikato with a strong interest in the environment, Stu joined the Rural Bank. He was seconded to the National Bank in Wellington where he gained a wide range of experience in all aspects of commercial banking. Stu left the bank in 2000 to start a finance company, which remains his primary business today.

Stu and his family are passionate about cycling and the environment.

DON HOWDEN LLB
Director

Don Howden is a director on the Norfolk Mortgage Management board. He has recently retired from his position as senior partner at law firm Jones Howden in Matamata but continues as a consultant to the practice. He has over 40 years' experience in rural legal practice and considerable expertise in conveyancing, trusts and estate planning.

MYLES PRESTIDGE

Director

Myles Prestidge is a director of the Norfolk Mortgage Management board. He has a background in property redevelopment and investment ranging over 42 years. He has also owned and operated companies offering vehicle and chattel finance and secured mortgage finance.

Myles has two sons and a daughter, and enjoys boating, fishing and travel.

AMY CAVANAUGH BCA, BA

Director

Amy Cavanaugh is a director of the Norfolk Mortgage Management board. She is currently the General Manager Operations at Pinnacle Life and has experience in strategy and operations in the financial services industry.

Amy enjoys running and spending timing with her two daughters.

GLENYS HOLDEN LLB

Chief Executive Officer

Glenys Holden is Norfolk Mortgage Management CEO. She joined Norfolk in 2016 and has a background in corporate and commercial banking.

Glenys enjoys spending time with friends and family, as well as attending both comedy and musical shows.

LETTER
FROM THE CEO

Dear Unitholders

I would like to thank all our investors for their support over the last 12 months. It has been a successful year for the Trust. Not only have we have enjoyed growth of 13.67% over the financial year, but our return to investors has also ranged from 5.95% to 6.1% and averaged 6.0% for the year. It is particularly pleasing that we have achieved this return when we see the very low deposit rates being offered by trading banks.

As you know we are in a heavily regulated industry and are licensed by the Financial Markets Authority. We also have a Supervisory Trustee whose sole responsibility is to ensure that we act in the best interests of our unitholders. We regularly report to our Supervisor and are also audited annually.

On top of this regulatory framework, the directors and I take personal responsibility to ensure our investors are looked after. Security of investment is our priority and not only do all our directors review every loan, but we also focus on relationship management of our borrowers and their facilities. We are committed to providing our borrowers with loans that meet their requirements because when our borrowers succeed, so do our investors.

The impact of Covid-19 and the unprecedented lockdown on us all resulted in changes for not only our investors and borrowers but also our Supervisory Trustee and staff here in the office. We appreciate the support given by our Supervisory Trustee to ensure it was business as usual for all our clients.

Following the lockdown, there was a great deal of uncertainty as to what this would mean for the New Zealand economy and the various sectors. With the OCR at an all-time low of 0.25% and expected to remain so until at least mid-2021 investors are being encouraged to consider other options than traditional main bank term deposits. If you are considering diversifying your portfolio, Norfolk Mortgage Trust may be the right option for you. As a conservative investment fund, our goal is to help you achieve yours. We always aim to provide a competitive rate of return compared with other trusts and our history is a good indicator that we have been able to achieve our goals.

The latest reports as I write this at the beginning of August is that the impact of Covid-19 on the property market has not been as predicted, and there are some property values above pre-Covid levels. We are hearing of strong sales in some areas with strong buyer demand. We continue to monitor the market and our borrowers closely through these changing times.

We value the contact with our investors, and it is always a pleasure to be able to get to know them and their families. We have investors who have been with us for three generations and it is particularly pleasing to see both children and grandchildren growing and learning about the value of an investment and how it can change their lives.

At Norfolk, our team has a wealth of knowledge in finance, law, property and business. This allows us to build respectful relationships where we listen and provide the best solution for you to meet your goals.

Sincerely

Glenys Holden Chief Executive Officer

FINANCIAL STATEMENTS

NORFOLK MORTGAGE TRUST

FINANCIAL STATEMENTS

For the year ending 31 March 2020

NORFOLK MORTGAGE TRUST

TRUST DIRECTORY

As at 31st March 2020

Nature of Business
Investment in Mortgages

Manager
Norfolk Mortgage Management Limited

Trustee
Covenant Trustee Services Limited

Address
The Offices of Glaister Ennor
Barristers & Solicitors
18 High Street
Auckland 1010

Banker
ASB Bank Limited

Auditor
RSM Hayes Audit
Auckland

Accountant
Bendall and Cant Limited
Auckland

NORFOLK MORTGAGE TRUST
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

	Note	2020 $	2019 $
Investment Income			
Interest Income		1,911,187	1,938,165
Interest Income - Mortgage Penalty		151,573	-
Other Investment Income		206,123	12,544
Other Operating Income		250	-
Total Investment Income		2,269,133	1,950,709
Operating Expenses			
Administration	6	(753,902)	(610,208)
Finance Costs		(142)	386
Net Profit Before Taxation		1,515,089	1,340,887
Income Tax		-	-
Net Profit for the Year		1,515,089	1,340,887
Other Comprehensive Income		-	-
Total Comprehensive Income		1,515,089	1,340,887

NOTE: Read in conjunction with the Notes to the Financial Statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Note	Unit Capital	Retained Earnings	Total Equity
For the Year ended 31 March 2020				
Opening Equity Balances		22,789,364	(226,128)	22,563,236
Total Comprehensive Income for the Year		-	1,515,089	1,515,089
Transactions with Owners				
Units Issued	7	4,820,325	-	4,820,325
Units Redeemed		(1,738,225)	-	(1,738,225)
Distributions Paid		-	(1,513,019)	(1,513,019)
Total Transactions with Owners		3,082,100	(1,513,019)	1,569,081
Balance at 31 March 2020	7	25,871,464	(224,058)	25,647,406
For the Year ended 31 March 2019				
Opening Equity Balances		20,574,754	(187,722)	20,387,032
Initial Application of NZ IFRS 9		-	(30,182)	(30,182)
Adjusted Opening Equity		20,574,754	(217,904)	20,356,850
Total Comprehensive Income for the Year		-	1,340,887	1,340,887
Transactions with Owners				
Units Issued	7	4,439,084	-	4,439,084
Units Redeemed	7	(2,224,474)	-	(2,224,474)
Distributions Paid		-	(1,349,111)	(1,349,111)
Total Transactions with Owners		2,214,610	(1,349,111)	865,499
Balance at 31 March 2019	7	22,789,364	(226,128)	22,563,236

NOTE: Read in conjunction with the Notes to the Financial Statements

NORFOLK MORTGAGE TRUST

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2020

	Note	2020 $	2019 $
CURRENT ASSETS			
Cash and Cash Equivalents	8	3,980,293	2,847,819
Accounts Receivable	10	105,575	144,955
Investments	12	756,719	255,420
Mortgage Portfolio	11	16,883,164	19,346,716
Total Current Assets		21,725,751	22,594,910
NON-CURRENT ASSETS			
Mortgage Portfolio	11	4,224,750	232,267
Total Non-Current Assets		4,224,750	232,267
TOTAL ASSETS		25,950,501	22,827,177
CURRENT LIABILITIES			
Accounts Payable	13	196,024	167,967
Distribution Payable		107,071	95,974
Total Current Liabilities		303,095	263,941
TOTAL LIABILITIES		303,095	263,941
NET ASSETS		25,647,406	22,563,236
Represented by:			
Retained Earnings		(224,058)	(226,128)
Units on Issue	7	25,871,464	22,789,364
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		25,647,406	22,563,236

For and on behalf of the Directors of the Manager:

Director Stuart Smith   Director [signature]

Date: Jul 29, 2020

NOTE: Read in conjunction with the Notes to the Financial Statements

NORFOLK MORTGAGE TRUST

STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Note	2020 $		2019 $
Cash Flows from Operating Activities				
Cash was provided from:				
Interest Income		2,102,140		1,895,121
Fee Income		-		-
Interest Income from Other Investments		204,824		12,124
Processing Fees Received		250		-
Cash was applied to:				
Payments to Suppliers			(692,639)	(632,767)
Net Cash Inflow from Operating Activities	9		1,614,575	1,274,478
Cash Flows from Financing Activities				
Cash was provided from:				
Subscription Funds Received		4,527,072		4,439,084
Cash was applied to:				
Distributions Paid to Unitholders		(1,339,579)		(1,256,459)
Units Redeemed		(1,587,818)		(2,224,474)
Net Cash Inflow from Financing Activities			1,599,675	958,151
Cash Flows from Investing Activities				
Cash was provided from:				
Net Mortgage Advances		(1,581,776)		303,783
Cash was applied to:				
Purchases of Other Investments	12	(500,000)		(255,000)
Net Cash Outflow to Investing Activities			(2,081,776)	48,783
Net Increase in Cash Held			1,132,474	2,281,412
Opening Cash brought forward			2,847,819	566,407
Ending Cash carried forward			3,980,293	2,847,819
Represented By:				
Cash and Cash Equivalents	8		3,980,293	2,847,819
			3,980,293	2,847,819

NOTE: Read in conjunction with the Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements presented here are for Norfolk Mortgage Trust ("the Trust"), a trust formed and domiciled in New Zealand. The financial statements of Norfolk Mortgage Trust are general purpose financial statements which have been prepared according to generally accepted accounting practice in New Zealand.

The Trust is registered as a managed fund investment scheme under the Financial Markets Conduct Act 2013 ("FMCA 2013") and prepares financial statements in compliance with that Act.

The Directors of Norfolk Mortgage Management Limited ("the Manager") are responsible for the day-to-day management of the Trust. The Directors of the Manager do not have the power to amend these financial statements once issued.

Measurement Base
The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified.

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and also with International Financial Reporting Standards. For the purpose of complying with NZ GAAP, the Trust has designated itself as profit-oriented. The information is presented in New Zealand Dollars, rounded to the nearest dollar.

Specific Accounting Policies
The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied.

(a) **Revenue**
Revenue Recognition
Revenue is recognised to the extent that it is probable that economic benefit will flow to the Trust and that the revenue can be reliably measured. Sources of revenue include interest income and income from limited partnerships.

Interest Income
Financial instruments are classified in the manner described in the financial assets and liabilities sections below.

For financial instruments measured at amortised cost, interest income and expense is recognised on a time-proportion basis using the effective interest method.

(b) **Goods & Services Tax**
With the exception of trade payables and receivables, all items are stated exclusive of Goods and Services Tax.

(c) **Income Tax**
The Trust is a Portfolio Investment Entity ("PIE"). As such, income is allocated to each unitholder and tax is paid to the Inland Revenue Department on the investors' behalf at the unitholders prescribed rate. All Trust income is allocated and as a result no tax is directly payable by the Trust itself.

(d) **Investments**
Investments are initially recognised at fair value and subsequently measured at amortised cost.

(e) **Units and Distributions**
Units are classified as equity as all units are entitled to a pro-rata share of the Trust's net assets on liquidation, the units are subordinate to all other instruments, the units have identical features other than redemption period, and the total cash flows to unitholders are based substantially on the net profit.

Distributions on units are recognised when the amount for the relevant period has been set by the Manager.

(f) **Financial Instruments**
Financial instruments are recognised in the Statement of Financial Position when the Trust becomes party to a financial contract. They include cash balances, deposits, mortgages, receivables, payables and intercompany balances.

All the Trust's financial instruments are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Due allowance is made for impaired receivables (expected credit losses). The Trust has not entered into any financial instrument with off balance sheet risk.

(g) **Financial Assets**
The Trust classifies its financial assets as measured at amortised cost, based on both the business model for managing the financial assets and their contractual cash flow characteristics.

The Trust classifies its financial assets at amortised cost if the asset is held within a business model with the objective of collecting the contractual cash flows, and if the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial Liabilites
Financial liabilities are recognised when an obligation arises and derecognised when it is discharged, cancelled or expired.

The Trust's financial liabilities include balances due to related parties, deposit and other borrowings, and other liabilities. Deposits from customers cover all forms of funding, and include transactional and savings accounts, term deposits and credit balances on cards. Other liabilities include the accrual of interest coupons and fees payable.

The Trust classifies its financial liabilities as subsequently measured at amortised cost.

Impairment of Financial Assets
The Trust now applies a three-stage approach to measuring expected credit losses (ECL) on debt instruments accounted for at amortised cost. Such assets may move through the following three stages based on their change in credit quality since their initial recognition:

Stage 1: 12-month ECL - Performing
For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.

Stage 2: Lifetime ECL - Under Performing
For credit exposures where there has been a significant increase in credit risk since initial recognition, but that are not credit impaired, a lifetime ECL is recognised. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Stage 3: Lifetime ECL - Not Performing
Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit impaired, a lifetime ECL is recognised and interest revenue is calculated by applying the effective interest rate to the amortised cost (net of provision) rather than the gross carrying amount.

<u>Assessment of Significant Increase in Credit Risk</u>
At each reporting date, the Trust assesses whether there has been significant increase in credit risk since initial recognition by comparing the risk of default occurring over the expected life between that of the reporting date to that of the date of initial recognition.

The Trust assesses whether the credit risk on a financial asset has increased significantly on an individual and collective basis. For the purposes of collective evaluation, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, internal credit risk rating, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

Regardless of other changes since the origination of the financial asset, it will be considered to have had a significant increase in credit risk where it is more than 30 days past due.

<u>Subsequent Improvement in Credit Quality</u>
If, in a subsequent reporting period, the credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the provision for credit losses reverts from full lifetime ECL to 12-month ECL.

<u>Measurement of Expected Credit Losses</u>
The estimated amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Trust and all the cash flows that the Trust expects to receive. The amount of the loss is recognised using a provision for credit loss allowance.

The Trust considers its historical loss experience and adjusts this for current observable data. In addition, the Trust uses reasonable and supportable forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. The Trust assesses a range of macroeconomic factors which include, but are not limited to, unemployment rates, interest rates, gross domestic product, inflation and property prices, and requires an evaluation of both the current and future direction of the economic cycle. Incorporating forward-looking information increases the level of judgement as to how changes in these macroeconomic factors will affect ECL. The methodology and assumptions, including any forecasts of future economic conditions are reviewed regularly.

Collective Assessment of Credit Loss Allowances
For collectively assessed provisions, expected credit losses are estimated based on the probability of default, loss given default, and the anticipated exposure at default.

The Probability of Default ("PD")
This estimates the likelihood of default occurring either over the lifetime of the financial instrument, or within the 12 months from reporting period.

Exposure at Default ("EAD")
This represents the estimate of the exposure at a future default date, taking into account expected changes in the exposure after reporting date for instance due to available borrowing facilities.

Loss Given Default ("LGD")
This represents the estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Trust would expect to receive, including cash flows expected from collateral and other credit enhancements.

Indivdually Assessed Loss Allowances
For credit-impaired financial assets that are assessed on an individual basis, a discounted cash flow calculation is performed and multiple cash flow scenarios are considered.

Credit Impaired Assets
In defining default for the purposes of determining the risk of a default occurring, the Trust applies a default definition consistent with the definition used for internal credit risk management purposes for the relevant financial instrument and considers qualitative indicators when appropriate. The Trust applies a presumption that default does not occur later than when a financial asset is 90 days past due, or where it operates outside of agreed facility limits for a period of more than 90 days.

Write-off of Financial Assets
Financial assets (and the related impairment allowances) will be written off, either partially or in full, when there is no realistic prospect of recovery. Where loans are secured, this is generally after receipt of any proceeds from the realisation of security.

Restructured and Past Due Assets
Restructured Assets
A restructured asset is any credit exposure for which the original terms have been changed to grant the counterparty a concession that would not otherwise have been available due to the counterparty's difficulties in complying with the original terms, the revised terms of the facility are not comparable with the terms of new facilities with comparable risks, and the yield on the asset following restructuring is equal to or greater than, the Trust's average cost of funds, or that a loss is not otherwise expected to be incurred.

Assets acquired through the enforcement of security are those real estate and other assets acquired in full or partial satisfaction of a debt.

Past Due Assets
A financial asset is disclosed as a past due asset where a counterparty has failed to make a payment when contractually due, and which is not an impaired asset.

(h) **Statement of Cash Flows**
The statement of cash flows has been prepared using the direct approach modified by the netting of certain items.

The following are the definitions of the terms used in the statement of cash flows:

- Cash and cash equivalents means current accounts and cash on deposit with banks.
- Investing activities are those which relate to the mortgage advances
- Financing activities are those activities which result in changes in Trust unit capital.
- Operating activities include all transactions that are not investing or financing activities, and include all interest received and paid.

Mortgage principal receipts and advances have been presented on a net basis.

(i) **Changes in Accounting Policies**
The Trust has adopted no new accounting standards during the year.
There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Where appropriate, corresponding amounts have been amended to reflect current year classification.

Significant Judgements, Estimates and Assumptions
The preparation of financial statements requires the Directors of the Manager to make judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. Estimates are based both on historical experiences and on assumptions that are believed to be reasonable in the circumstances. They form the basis of judgements made as to appropriate carrying values disclosures for assets, which are not readily ascertainable from other sources. Actual results may differ from these estimates and judgements.

The uncertainty associated with judgements and estimates that has the most significant effect on the financial statements as at 31 March 2020 is commented on as follows:

Liquidity
Liquidity profile disclosures include the timing of cash flows from finance receivables based on current expectations. These cash flow timings have been estimated by the Directors of the Manager based upon their assessments of the current status of borrower's property, recent valuations and their assumptions relating to the time it may take to sell the secured property.

There have been no changes in unit redemption patterns over the COVID-19 lockdown period.

Recognition of Expected Credit Losses ("ECL")
In determining ECL, management is required to exercise judgement in defining what is considered to be a significant increase in credit risk and default events.

Assumptions and estimates have been made based on readily obtainable and relevant information about past credit experience, current conditions and forecasts of economic conditions.

The probability of default, loss given default, and exposure at default assumptions which support the expected credit loss estimate will be reviewed regularly in light of differences between loss estimates and actual loss experience, but given that NZ IFRS 9 requirements were recently adopted, and the lack of loss experience in this time period, there has been limited opportunities to make these comparisons.

The impact of the COVID-19 outbreak on the Trust and its operations have been the subject of detailed analysis and close monitoring by the Manager. Not only have the general economic impact on the New Zealand economy, the overall property market, and specific industry exposures been considered, but also how the lockdown has affected and continues to affect both unitholders and borrowers.

Using the ECL model and the Trust's internal scoring system, the Manager assessed the loan portfolio and identified any mortgages where a change in scoring would be required due to COVID-19. These mortgages were individually assessed as to their potential to impact the performance of the Trust and returns to unitholders. The Manager received requests for payment holidays that equated to 4.76% of loan assets. These requests had no material effect on either the return to unitholders, the security of the Trust's assets, or any compliance limits. As a further precautionary measure and in recognition of the general uncertainty surrounding the economic impact of COVID-19, the Manager provided for an increase in the provision for possible loan defaults resulting in an increase in the ECL provision from 0.15% to 0.37% of loan assets.

There have been no events either before or after balance date, including the economic impact of COVID-19, that has impacted the performance of the Trust or its continued viability as a going concern.

2. NEW STANDARDS AND INTERPRETATION

The Trust has not early adopted any new standards or interpretations in advance of their effective dates.

3. CAPITAL COMMITMENTS

At balance date, the Trust had no capital commitments (2019: Nil).

4. CONTINGENT LIABILITIES

At balance date, there are no known contingent liabilities (2019: Nil). Norfolk Mortgage Trust has not granted any securities in respect of liabilities payable by any other party whatsoever.

5. EVENTS SUBSEQUENT TO BALANCE DATE

Please refer to Significant Judgements, Estimates and Assumptions for assessment of impact of COVID-19 by the Trust and its Manager. Otherwise, there have been no other events subsequent to balance date that have been deemed to potentially have a material impact on these financial statements (2019: None noted).

6. ADDITIONAL INFORMATION

Expenses deducted in calculation of Net Profit Before Taxation include the following:

	2020 $	2019 $
<u>Administration Costs</u>		
Audit Fees - Trust	30,440	28,612
Audit Fees - Custodian Controls	4,965	12,075
Audit Fees - Register Assurance	863	863
Accounting Fees - Trust	35,409	22,184
Management Fees - Norfolk Mortgage Management Limited	617,861	543,047

Other than audit fees no other fees were paid to the auditors (2019: Nil).

7. UNITS ON ISSUE

The Trust issues units that are redeemable at the unitholders' option, are entitled to receive a pro-rata share of net assets on wind-up and have identical features other than redemption period. All units share equally in distributions.

	2020		2019	
	Number	$	Number	$
At the Beginning of the Year	23,341,134	22,789,364	21,060,780	20,574,754
Units Issued	4,977,496	4,820,325	4,574,942	4,439,084
Units Redeemed	(1,793,963)	(1,738,225)	(2,294,588)	(2,224,474)
At the End of the Year	26,524,667	25,871,464	23,341,134	22,789,364

As at 31 March 2020, there was one significant investor who accounted for 5.84% (2019: 6.64%) of the total units issued. The number of unitholders is 209 (2019: 199) with an average holding per unitholder of 126,912 units (2019: 117,292 units). A number of these units are held by related parties, please refer to the Related Parties Note (Note 15).

Units in the Trust are redeemable at net asset value per unit at the time of redemption. The Trust's net asset value is calculated by taking the gross asset value of the fund, deducting all liabilities of the fund calculated on an accrual basis and deducting any other provisions that the Manager or Trustee thinks necessary or desirable for accrued or contingent liabilities.

8. CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Current Accounts	227,981	2,296,880
On Call Interest Bearing Deposits	3,752,312	550,939
	3,980,293	2,847,819

The interest rates received on interest bearing deposits were ranging from 1.95% to 2.15% at 31 March 2020 (2019: 2.85%). No interest was earned on the current account. Interest income on interest bearing deposits during the year to 31 March 2020 was $15,899 (2019: $27,267).

A 1% decrease in the weighted average interest rate would reduce the interest income on interest bearing deposits from $15,899 to $2,090 (2019: $27,267 to $13,193).
A 0.5% decrease in the weighted average interest rate would reduce the interest income on interest bearing deposits from $15,899 to $8,994 (2019: $27,267 to $20,230).

9. RECONCILIATION OF NET PROFIT AFTER TAXATION WITH CASH INFLOW FROM OPERATING ACTIVITIES

	2020	2019
Net Profit for the Year	1,515,089	1,340,887
Add / (Less) Non Cash Items:		
Credit Loss Allowance	52,845	(1,480)
Add / (Less) Movements in other Working Capital items:		
Accounts Payable and Accruals	7,261	(21,465)
Accounts Receivable and Prepayments	39,380	(43,464)
Net Cash Inflow from Operating Activities	1,614,575	1,274,478

10. ACCOUNTS RECEIVABLE & ACCRUALS

	2020 $	2019 $
Interest Accrued Receivable	105,575	144,955
	105,575	144,955

11. MORTGAGE PORTFOLIO

	2020	2019
First Mortgage Advances - Current	16,948,038	19,374,685
Provision for Credit Impairment	(64,874)	(27,969)
Total Mortgages Advances - Current	16,883,164	19,346,716
First Mortgage Advances - Non-Current	4,241,423	233,000
Provision for Credit Impairment	(16,673)	(733)
Total Mortgages Advances - Non-Current	4,224,750	232,267
Total Net Mortgage Advances	21,107,914	19,578,983

The provision for credit impairment is equal to the sum of ECLs calculated pursuant to NZ IFRS 9.

These represent mortgages to unrelated parties at commercial interest rates and are contractually repayable within 24 months. Interest rates range from 8.00% to 10.55% (2019: 7.00% to 9.95%). Loans which are past due and where any agreed contractual grace period has passed incur penalty interest rates ranging from 14.90% to 20.55% (2019: 12.00% to 19.95%).

12. INVESTMENTS

	2020	2019
Vulcan Mortgage Limited Partnership	755,000	255,000
Interest Accrued Receivable	1,719	420

Investments in Vulcan Mortgage Limited Partnership are permitted investments under the terms of the Trust's Statement of Investment Policies and Objectives as the Limited Partnership invests solely in mortgages. Vulcan Mortgage Limited Partnership is a related party, for further details, refer to Note 15.

13. ACCOUNTS PAYABLE

Accounts Payable and Accruals comprise the following:

	2020	2019
Accounts Payable	978	355
Accrued Management Fees - Norfolk Mortgage Management Ltd	54,918	48,778
PIE Tax Payable	84,312	62,799
Distribution Funds Held in Trust	1,191	3,210
Sundry Payables and Accruals	54,625	52,825
	196,024	167,967

14. CONCENTRATION OF RISK

Loans advanced by the Trust including interest accrued receivable have the following geographical concentration (based on land registration district):

	2020 $	2019 $
Auckland	11,056,694	9,533,103
Bay of Plenty	446,074	607,190
Canterbury	1,211,543	878,619
Hawkes Bay	1,151,350	255,420
King Country / Taranaki	753,009	730,272
Nelson	-	506,099
Northland	1,405,622	615,127
Otago	1,390,940	2,470,800
Waikato	2,169,115	1,912,198
Wellington	1,706,222	2,499,054
	21,290,569	20,007,882

Loans advanced by the Trust including interest accrued receivable have been secured by the following property types:

	2020 $	2019 $
Residential - Home & Land	10,895,345	6,102,267
Residential - Lifestyle	4,269,004	4,991,362
Residential - Rental	-	1,450,480
Rural - Farming	1,249,893	138,106
Rural - Other	-	326,389
Commercial - Industrial	1,329,037	1,937,080
Commercial - Retail	3,547,291	5,062,198
	21,290,569	20,007,882

The Trust has the following unit geographical concentration with all figures shown being in number of units issued.

	2020 Units	2019 Units
Auckland	8,971,182	7,126,699
Bay of Plenty	3,361,818	3,219,379
Canterbury	332,270	332,269
North Island - Other	120,121	37,314
King Country / Taranaki	839,886	800,428
Northland	164,353	59,175
Overseas Resident	134,602	128,736
South Island - Other	41,278	72,197
Waikato	12,140,701	11,461,845
Wellington	418,456	103,092
	26,524,667	23,341,134

15. RELATED PARTIES

The Trust is associated with its Manager, Norfolk Mortgage Management Limited. Management fees paid to the Manager during the year were $617,861 (2019: $543,047) and Performance fees paid to the Manager during the year were $10,829 (2019: Nil). The Manager also derives fees from borrowers related to loan processing.

J L Porus is a partner of the law firm Glaister Ennor ("GE"). The Trust and its Manager engage GE for a variety of matters from time to time. GE also holds interest bearing bank deposits on behalf of the Trust. The value of these deposits at balance date was $3,752,312 (2019: $550,939).

J L Porus is also associated with Vulcan Mortgage Limited Partnership, an entity that itself invests in mortgages. The Trust acquired and disposed of investments in the Limited Partnership during the year and held an investment of $755,000 at year-end (2019: $255,000). The Trust derived investment income of $206,123 (2019: $12,544) from the Limited Partnership.

Some of the Directors of the Manager and/or the firm(s) of which they are members may from time to time receive fees direct from borrowers for arranging mortgage advances by the Trusts. These fees are payable by the borrowers at commercial rates.

Related Party Unitholders
Related party investments are on a normal basis as systems and processes do not allow favourable treatment to investors. All unitholders are treated equally including any distributions paid. Related parties include the Directors and Senior Management of the Manager, and their close family members.

Related Party Unitholdings at 31 March

	2020 Units Held	2019 Units Held
Non-Beneficial Interest	4,923,210	4,974,137
Beneficial Interest	1,034,306	638,940

Distributions were paid to each of these units on a normal basis and in all respects in the same manner as for other unitholders.

16. ASSET QUALITY

Gross Loan Exposures by Internal Rating

The Trust's internal rating approach scores loans out of 70 across seven different indicators. Each indicator is ranked 1 to 10 with 10 being most favourable and therefore the total rating being out of 70. Deposits held by the Trust are not scored. A summary of gross loan exposures by internal rating is as follows:

	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Year Ended 31 March 2020				
Below 40	-	-	-	-
40-45	-	-	-	-
46-50	3,289,168	-	-	3,289,168
51-55	6,952,595	-	-	6,952,595
56-60	4,415,507	430,981	-	4,846,487
Above 60	6,022,441	179,878	-	6,202,319
				21,290,569
Year Ended 31 March 2019				
Below 40	994,757	583,274	-	1,578,031
40-45	-	-	-	-
46-50	1,608,883	844,208	1,978,133	4,431,224
51-55	2,634,123	-	-	2,634,123
56-60	3,278,182	184,177	-	3,462,359
Above 60	7,121,925	780,220	-	7,902,145
				20,007,882

Analysis of Days Past Due

Gross amount of finance receivables that are past due but not impaired are as follows:

	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Year Ended 31 March 2020				
Less than 30 Days Past Due	448,451	-	-	448,451
At Least 30 Days but less than 60 Days Past Due	-	610,858	-	610,858
More than 60 Days but less than 90 Days Past Due	-	-	-	-
At Least 90 Days Past Due	-	-	-	-
Total Past Due but Not Impaired Loans				1,059,309
Year Ended 31 March 2019				
Less than 30 Days Past Due	1,481,971	-	-	1,481,971
At Least 30 Days but less than 60 Days Past Due	-	57,654	-	57,654
More than 60 Days but less than 90 Days Past Due	-	722,566	-	722,566
At Least 90 Days Past Due	-	1,611,659	1,978,133	3,589,792
Total Past Due but Not Impaired Loans				5,851,983

Gross Exposure (by Credit Loss Allowance Stage)

A summary of gross loan exposures by credit loss allowance stage is as follows:

	Stage 1 $	Stage 2 $	Stage 3 $	Total $
Year Ended 31 March 2020				
At the Beginning of the Year	15,637,870	2,391,879	1,978,133	20,007,882
Transfers Between Stages				
From Stage 1 to 2	(602,903)	602,903	-	-
From Stage 2 to 1	584,464	(584,464)	-	-
Transfer to Stage 3	-	-	-	-
Transfer from Stage 3	911,116	-	(911,116)	-
Net Further Lending / (Repayment) - Existing Loans	1,409,078	7,956	-	1,417,033
Net Further Lending / (Repayment) - New Loans	11,355,575	-	-	11,355,575
Asset Derecognised including Final Repayments	(8,615,488)	(1,807,416)	(1,067,018)	(11,489,921)
Assets Written Off	-	-	-	-
	20,679,711	610,858	-	21,290,569
Assessment Approach:				
Collectively Assessed	20,679,711	610,858	-	21,290,569
Individually Assessed	-	-	-	-
Year Ended 31 March 2019				
At the Beginning of the Year	18,254,059	138,500	1,518,909	19,911,468
Transfers Between Stages				
From Stage 1 to 2	(1,604,405)	1,604,405	-	-
From Stage 2 to 1	-	-	-	-
Transfer to Stage 3	(1,954,000)	-	1,954,000	-
Transfer from Stage 3	129,000	606,500	(735,500)	-
Net Further Lending / (Repayment) - Existing Loans	1,846,809	(14,782)	24,133	1,856,160
Net Further Lending / (Repayment) - New Loans	7,611,160	195,756	-	7,806,916
Asset Derecognised including Final Repayments	(8,644,753)	(138,500)	(783,409)	(9,566,662)
Assets Written Off	-	-	-	-
	15,637,870	2,391,879	1,978,133	20,007,882
Assessment Approach:				
Collectively Assessed	15,637,870	780,220	1,978,133	18,396,223
Individually Assessed	-	1,611,659	-	1,611,659

17. CREDIT LOSS ALLOWANCE

Expected Credit Loss allowances on collectively assessed mortgages are as follows:

	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Year Ended 31 March 2020				
At the Beginning of the Year	23,839	1,385	3,478	28,702
Transfers Between Stages				
From Stage 1 to 2	(1,220)	9,009	-	7,789
From Stage 2 to 1	1,863	(1,038)	-	825
Transfer to Stage 3	-	-	-	-
Transfer from Stage 3	4,279	-	(1,602)	2,677
Net Re-Measurement on Individual Assessment	-	-	-	-
Net Further Lending / (Repayment) - Existing Loans	2,532	11	-	2,543
Net Further Lending / (Repayment) - New Loans	38,180	-	-	38,180
Changes in Models/Risk parameters	15,792	-	-	15,792
Asset Derecognised including Final Repayments	(12,738)	(347)	(1,876)	(14,961)
Assets Written Off	-	-	-	-
	72,527	9,020	-	81,547
Charge / (Credit) to profit or loss	48,688	7,635	(3,478)	52,845
Year Ended 31 March 2019				
At the Beginning of the Year	27,056	329	2,797	30,182
Transfers Between Stages				
From Stage 1 to 2	(2,278)	2,421	-	143
From Stage 2 to 1	-	-	-	-
Transfer to Stage 3	(2,775)	-	3,478	703
Transfer from Stage 3	230	1,079	(1,309)	-
Net Re-Measurement on Individual Assessment	-	(2,513)	-	(2,513)
Net Further Lending / (Repayment) - Existing Loans	2,808	51	-	2,859
Net Further Lending / (Repayment) - New Loans	11,294	347	-	11,641
Asset Derecognised including Final Repayments	(12,496)	(329)	(1,488)	(14,313)
Assets Written Off	-	-	-	-
	23,839	1,385	3,478	28,702
Charge / (Credit) to profit or loss	(3,217)	1,056	681	(1,480)

Individually Assessed

There are no mortgages individually assessed as at balance date. In the prior year, mortgages that were individually assessed with nil Expected Credit Loss were repaid in full after balance date but before the date of issue of the financial statements.

Impact of Changes in Gross Carrying Amount on ECL

In the current year, the increase in the provision was driven by an increase in the provision for possible loan defaults in response to the uncertain economic environment due to COVID-19. In the prior year, the change was driven by a combination of changes in the profile of the Trust's loans and an increase in the number of loans individually assessed to have lower expected credit loss due to repayment after balance

Financial Assets other than Mortgages

All other financial assets have been assessed to have expected credit losses that are not material.

18. FINANCIAL RISK MANAGEMENT

Exposure to credit, market and interest rate risks arise in the normal course of the Trust's business.

Credit Risk
To the extent that the Trust has a receivable from another party there is a credit risk in the event of non performance by that other party.

Financial instruments which potentially subject the Trust to credit risk principally consist of mortgages advanced to third parties. All advances made have first ranking security. Maximum exposures to credit risk at balance date are the carrying amounts of financial assets as follows:

	2020	2019
	$	$
Mortgage Portfolio - Current Portion	16,883,164	19,346,716
Mortgage Portfolio - Term Portion	4,224,750	232,267
Cash and Cash Equivalents	3,980,293	2,847,819
Interest Accrued Receivable	105,575	144,955

The above maximum exposures are net of any recognised impairment losses on these financial instruments. Mortgage advances and interest receivable are secured by registered mortgage over property.

Credit Risk Management
The Trust's investment policies are published in the Product Disclosure Statement and Statement of Investment Policies and Objectives which are both available on the Companies Office's Disclosure Register.

The Trust invests in mortgage-secured loans, which are either first or second mortgages. For first mortgage-secured loans, at the time of approval, the loan must be within 75% of the value of the mortgaged property. For second mortgage-secured loans, at the time of approval, the loan together with the prior first mortgage must be within 75% of the value of the mortgaged property.

Loans may be spread between the residential, commercial, rural and mixed-use sectors, and in no set proportions. Generally, loans are predominantly within the residential and commercial sectors. The intent is not to impose sector allocation rules until the Trust reaches $30 million.

Origination and Assessment
Loan applications are generally received from brokers and are subject to a detailed credit assessment that normally includes enhanced due diligence of the borrower and guarantors, assessment and review of the proposed security property and its valuation, assessment and review of financial information, and assessment and review of the proposed structure of the loan including debt servicing and exit plan.

The use of the Directors to assess loans is a significant comparative advantage that the Trust holds over institutional lenders - be they banks or other large second-tier lenders.

Monitoring
Each loan is monitored to ensure it is performing in accordance with the contracted terms. In the event of an issue with the performance of the contracted terms, a management plan is put in place which has been approved at director level.

Each loan is reviewed quarterly and checked to ensure it is correctly categorised and any ECL provisions are identified and calculated.

The Trust has a very hands on management style with close monitoring and review by the Directors and its Board on a regular basis.

Concentration of Credit Risk
No mortgage exceeded 10% of the gross asset value of the Trust (2019: Nil). Geographic information regarding mortgages is disclosed in Note 14.

At balance date, cash and interest bearing deposits were held with one bank. During the year the Trust also held funds on trust with Glaister Ennor. There was no overdraft at balance date and no facility arranged. The Trust does not have any other significant concentrations of credit risk.

Market Risk
The Trust's mortgages portfolio is linked to the property market which may vary from time to time. However, the Trust's weighted average loan to asset ratio is not able to exceed 75% per the investment policy. This means that the Trust has no exposure to a property market downturn of up to 25% based on the most recent valuations obtained.

As at 31 March 2020, the weighted average loan to asset ratio was 48.60% (2019: 47.51%), excluding accrued interest.

Interest Rate Risk
The Trust has exposure to interest rate risk to the extent it borrows or invests for a fixed term at fixed rates. The Trust has no borrowings at balance date. In general the interest rate risk associated with lending by the Trust is managed by lending for relatively short terms and ensuring that interest rates on initial lending or renewal are appropriate given the prevailing market interest rates.

At 31 March 2020, the weighted average interest rate on the mortgage portfolio was 9.41% (2019: 9.28%), with rates ranging from 8.00% to 10.55% (2019: 7.00% to 9.95%). All loans have agreed penalty interest rates to apply in the event of the loan being past due. Penalty interest rates range from 14.90% to 20.55% (2019: 12.00% to 19.95%) with a weighted average of 19.36% (2019: 19.03%).

The distribution to unitholders is based on the net profit arising from operations, after allowing for expenses, impairment losses, taxes and any other amount the Manager considers prudent to set aside.

The key driver of this distribution is interest income from loans to customers. Assuming nil impairment losses, a 1 percent increase/(decrease) in the interest rates received from loans to customers and bank deposits would normally drive a corresponding 1 percent increase/(decrease) in the distribution to unitholders.

The interest rate risk profile of the Trust is consistent with the Trust's contractual liquidity profile. The liquidity profiles shown in the Liquidity Risk Note below can therefore also be used to provide an interest rate repricing analysis of the Trust's financial assets.

Liquidity Risk
Liquidity risk represents the Trust's ability to meet its financial obligations on time. The Trust's redemption policies allow sufficient time to collect finance receivables in order to meet the cash flows resulting from redemptions. The Trust's cash flows enable it to make timely payments.

Units issued have redemption terms as follows:
- For units issued after 16 September 2016, the Trust is required to action a redemption within six months from the date of request. The value of these units are $21,518,831 (2019: $18,201,271).
- For units issued after 6 July 2009 but before 16 September 2016, the Trust is required to action a redemption within twelve months from the date of request. The value of these units are $2,176,242 (2019: $2,324,735).
- For units issued prior to 6 July 2009, the Trust is required to action a redemption within three months from the date of request. The value of these units are $2,176,391 (2019: $2,263,358).

The Manager can elect to redeem units on an earlier date at the Manager's discretion. As units issued do not have fixed maturity dates, they have not been included in the liquidity analysis below. The actual units redeemed during the year were 1,793,963 units (2019: 2,294,588 units) with a redemption value of $1,738,225 (2019: $2,224,474). The historical redemption rate is 5.52% (2019: 5.82%) and is a 10-year historical rate.

Redemptions of units paid subsequently amount to $1,536,951 (2019: $781,750).

Redemption requests of $158,474 (2019: Nil) have been received but not yet actioned.

The following provides analysis of the Trust's liquidity profile as at 31 March 2020 and 31 March 2019. This analysis is of both contractual and expected undiscounted cash flows. Where contract terms have been re-documented, the maturity profile is based on the maturity date per the new contract.

	Total	0-6 mths	7-12 mths	13-24 mths	24+ mths
As at 31 March 2020					
Cash flows based on contractual obligations:					
Finance Receivables	22,488,359	15,322,027	2,647,581	2,799,220	1,719,531
Cash & Cash Equivalents	3,980,293	3,980,293	-	-	-
Total	26,468,652	19,302,320	2,647,581	2,799,220	1,719,531
Cash flows based on Trust's expectations of likely flows:					
Finance Receivables	22,603,557	14,500,589	3,115,530	3,267,907	1,719,531
Cash & Cash Equivalents	3,980,293	3,980,293	-	-	-
Total	26,583,850	18,480,882	3,115,530	3,267,907	1,719,531
As at 31 March 2019					
Cash flows based on contractual obligations:					
Finance Receivables	20,685,196	12,524,268	7,649,121	511,807	-
Cash & Cash Equivalents	2,847,819	2,847,819	-	-	-
Total	23,533,015	15,372,087	7,649,121	511,807	-
Cash flows based on the Trust's expectations of likely flows:					
Finance Receivables	21,125,579	10,914,422	7,159,792	2,543,622	507,743
Cash & Cash Equivalents	2,847,819	2,847,819	-	-	-
Total	23,973,398	13,762,241	7,159,792	2,543,622	507,743

The cash flows based on Trust's expectations take into consideration the expected renewal of existing facilities upon maturity for past due assets, which lead to increased cash flows from interest and later principal repayments.

Accounts payable and accruals, representing all the financial liabilities of the Trust, are all due to be settled within six months. This takes into consideration the expected renewal of existing facilities upon maturity.

Capital Management

Net assets attributable to unitholders are considered to be the Trust's capital for the purposes of capital management. The Trust does not have to comply with externally imposed capital requirements.

The Trust's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to its unitholders and to support future development and growth of the business to maximise the Trust's unitholders value as well as ensuring its net assets attributable to unitholders are sufficient to meet all present and future obligations, considering the level of units on issue and their redemption periods as disclosed above.

In order to meet its objectives for capital management the Manager reviews the Trust's performance on a regular basis.

RSM Hayes Audit
PO Box 9588
Newmarket, Auckland 1149
Level 1, 1 Broadway
Newmarket, Auckland 1023
T +64 (9) 367 1656
www.rsmnz.co.nz

Independent Auditor's Report

To the unitholders of Norfolk Mortgage Trust

Opinion

We have audited the financial statements of Norfolk Mortgage Trust (the Trust) which comprise:

- the statement of financial position as at 31 March 2020;
- the statement of comprehensive income for the year then ended;
- statement of changes in equity for the year then ended;
- statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

In our opinion, the financial statements on pages 2 to 22 present fairly, in all material respects, the financial position of the Trust as at 31 March 2020, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). 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 Trust in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* 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 opinion.

Our firm has provided other services to the Trust in relation to regulatory assurance services on the Trust's register of unitholders. The provision of this service has not impaired our independence. Except in this regard, and other than in our capacity as auditor we have no relationship with, or interests in, the Trust.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. The key audit matter identified on the next page was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Mortgage advances – allowance for expected credit losses and related disclosures

Why we considered this to be a key audit matter	How our audit addressed this key audit matter
Mortgage advances represent the most significant assets of the Norfolk Mortgage Trust. The allowance for expected credit losses on mortgage advances is considered to be a key audit matter as it requires the application of judgement and use of subjective assumptions by management in determining the probability of default and extent of loss in the event of default, in order to determine the expected credit losses. Judgment is also required as to whether a loan has exhibited indicators of a significant increase in credit risk. The significant economic uncertainty globally due to COVID-19 means a heightened level of judgement will be required as part of this assessment. Details of the mortgage advances, asset quality and credit loss allowances are described in Notes 11, 16 and 17 to the financial statements.	We tested of the accuracy of the underlying mortgage data through comparison to loan agreements and evidence of security registration. We obtained Norfolk Mortgage Trust's workings for the allowance for expected credit losses, and ensured the information utilised to compile the allowance was consistent with the above data, and latest available repayment information related to the mortgage advances. For collectively assessed credit loss allowances we considered the basis and assumptions of the expected credit loss calculations and assessed whether these appeared reasonable and supportable, based Norfolk Mortgage Trust's credit loss experience and broader market data. We noted there were no individually assessed credit loss allowances. We considered whether this conclusion was appropriate through a review of the performance of mortgages. We evaluated the accuracy and adequacy of the disclosures within the financial statements in relation to credit risk, expected credit losses and the overall adoption of NZ IFRS 9 *Financial Instruments.*

Other information

The directors of the manager, Norfolk Mortgage Management Limited, are responsible for the other information. The other information comprises the Trust Directory on page 1 (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors of the manager for the financial statements

The directors of the manager, Norfolk Mortgage Management Limited, are responsible, on behalf of the Trust, 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 directors of the manager determine 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 directors of the manager are responsible on behalf of the Trust for assessing the Trust'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 those charged with governance either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit 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 opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) 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 decisions of users taken on the basis of these financial statements. A further description of the auditor's responsibilities for the audit of the financial statements is located at the XRB's website at:

https://www.xrb.govt.nz/assurance-standards/auditors-responsbilities/audit-report-2/

Who we report to

This report is made solely to the Trust's unitholders, as a body. Our audit work has been undertaken so that we might state those matters which 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 Trust's unitholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

RSM

RSM Hayes Audit
Auckland

29 July 2020

NORFOLK MORTGAGE MANAGEMENT LIMITED

Presents this Annual Report to the Investors of the Norfolk Unit Trusts for the year ended 31 March 2020 (“accounting period”)

Norfolk Mortgage Management Limited

1 Details of the Scheme

The name of the scheme is Norfolk Unit Trusts (‘Scheme”). It is a managed investment scheme under the Financial Markets Conduct Act 2013 (“FMC Act”). The manager of the Scheme is Norfolk Mortgage Management Limited (“Manager”). The supervisor of the Scheme is Covenant Trustee Services Limited (“Supervisor”).

The current Product Disclosure Statement (PDS) was registered on 28 February 2018. Norfolk Mortgage Trust’s PDS status remains open for applications.

The latest fund update for Norfolk Mortgage Trust is dated 30 June 2020 and was made publicly available on 23 July 2020.

The Scheme’s latest financial statements that comply with and have been registered under the FMC Act cover the accounting period and were authorised by the Manager on 29 July 2020. The auditor’s report on those financial statements was dated 29 July 2020 and lodged with the Registrar. The auditor’s report did not refer to any fundamental uncertainty, and nor was it qualified or modified in any respect.

1.1 Information on contributions and Scheme Participants

The total number of managed investment products (being units in the Scheme) on issue at the start of the accounting period was 23,341,134. The total number of managed investment products (being units in the Scheme) on issue at the end of the accounting period was 26,524,667.

1.2 Changes relating to the Scheme

There have been no material changes to the FMC Act during the accounting period.

2 Governing documents

There have been no material changes to the terms of the governing documents of the Scheme during the accounting period.

2.1 The terms of the offer of interests in the Scheme

There have been no material changes to the terms of offer of interests in the Scheme during the accounting period.

2.2 Statement of investment policy and objectives of the Scheme’s Funds (SIPO)

There have been no material changes to the terms of offer of interests in the Scheme during the accounting period.

2.3 Related party transactions

There have been no material changes to the nature or scale of related party transactions during the accounting period. There have been no related party transactions during the accounting period not on an arm’s length basis.

2.4 Other information for types of managed funds

The price for the units in the Scheme at the start of the accounting period was $0.9700 cents and at the end of the accounting period was $0.9665 cents.

3 Changes to persons involved in the Scheme

3.1 Manager

The following changes have occurred in relation to the Board:
Amy-Louise Eileen Cavanaugh was appointed on 10 February 2020.

3.2 Supervisor

In respect of Covenant Trustee Services Limited, in the year ending 31 March 2020, there have been no changes to the directors during the accounting period.

3.3 Custodian

In respect of Norfolk Nominees Limited and Norfolk (No.2) Nominee Limited, there have been no changes to the directors during the accounting period.

3.4 Securities registrar and auditor

There have been no changes to the securities registrar or auditor.

4 How to find further information

Copies of documents relating to the Scheme, such as the Trust Deed, SIPO, Product Disclosure Statement, quarterly fund updates, and annual financial statements are available on the Disclose Register at www.business.govt.nz/disclose, scheme number SCH11124.

You may request, at any time, copies of the Trust Deed, SIPO, Product Disclosure Statement, most recent financial statements, and most recent annual report for the Scheme by contacting the Manager at:

Norfolk Mortgage Management Limited
P O Box 37341
Parnell
Auckland 1151

Copies of the above documents will be provided free of charge on request to the Manager. These documents are also available for public inspection on the Disclose Register and at the offices of the Manager at:

Suite 2
7 Windsor Street
Parnell
Auckland 1152

4.1 Contact details and complaints

Glenys Holden
Chief Executive Officer

Telephone: **09 303 1525**
Email: **info@norfolktrust.co.nz**

Norfolk Mortgage Management Limited
P O Box 37341
Parnell
Auckland 1151

4.2 Supervisor

Attention: **Richard Spong**
General Manager

Telephone: **09 302 0638**
Email: **team@covenant.co.nz**

Covenant Trustee Services Limited
Level 6
191 Queen Street
Auckland 1010

P O Box 4243
Shortland Street
Auckland 1140

5 A complaint about a fund or the Scheme can be made to the Manager or the Supervisor (Please see above for details of contact person for complaints)

The Manager is a member of the Insurance & Financial Services Ombudsman Scheme ("IFSO") an approved dispute resolution scheme. The Supervisor is a member of the Financial Services Complaints Limited ("FSCL") an approved dispute resolution scheme. If a complaint is not resolved within 40 days after contacting either the Manager or the Supervisor or if an investor is dissatisfied with the proposed resolution, then the investor can refer it to IFSO:

Insurance & Financial Services Ombudsman Scheme
P O Box 10-845
Wellington 6143

Telephone: **0800 888 202**
Level 2, Solnet House
The Terrace
Wellington 6143

Full details of how to access the IFSO scheme can be obtained from its website www.ifso.nz.
There is no cost to use the services of IFSO.


OUR GOAL IS TO HELP
YOU ACHIEVE YOURS

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