

Quarterly Fund Update



MIDLANDS MORTGAGE TRUST

For the quarter ended 31 March 2019

Name of Fund

Midlands Mortgage Trust Group Investment Fund

What is the purpose of this update?

This document tells you how the Midlands Mortgage Trust Group Investment Fund ("MMT GIF") has performed and what fees were charged. The document will help you to compare the MMT GIF with other funds. Fund Managers Central Limited ("Manager") prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this Fund

The MMT GIF holds cash deposits with registered banks and loans secured by first mortgages over land and buildings. The MMT GIF has a low to medium level of volatility. The investment objective is to provide investors with an income return better than bank deposits.

Total value of the MMT GIF at 31 March 2019	\$51,811,255.44
The date the MMT GIF started	1 / 11 / 2004

What are the risks of investing?

Risk indicator for the MMT GIF

⇐ Potentially lower returns	Potentially higher returns ⇒
1 2 3 4 5 6 7	
⇐ Lower risk	Higher risk ⇒

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the MMT GIF's assets go up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks (described under the heading 'Other specific risks') that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the 5 year period ending 31 March 2019. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will be updated in future fund updates.

See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in the MMT GIF.

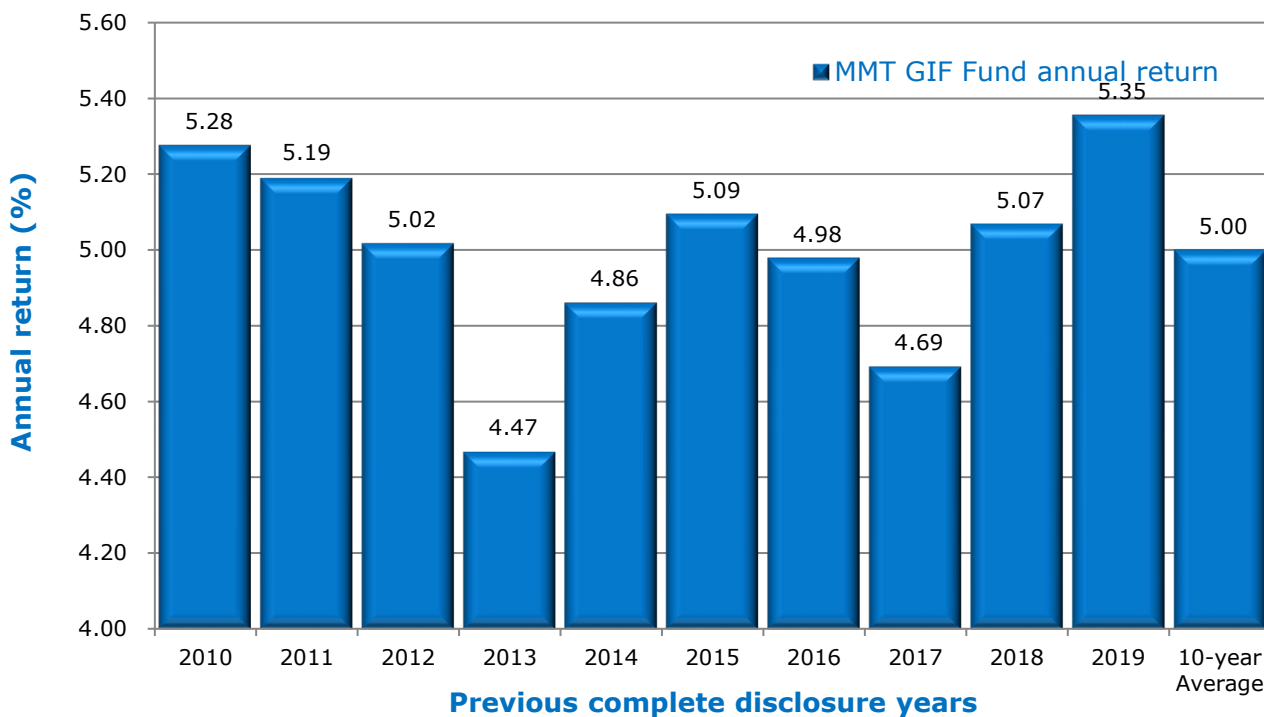
How has the Fund Performed?

	Average over past 5 years	Past year
Annual return (after deductions for charges and tax)	5.04%	5.35%
Annual return (after deductions for charges but before tax)	5.04%	5.35%

The MMT GIF does not pay tax on investor income, it does however deduct withholding tax from individual investor returns at their elected withholding tax rate. See the PDS for more information on tax.

The Financial Markets Conduct (Market Index) Exemption Notice 2018 came into force on 17 July 2018. MMT is exempted from the requirement of providing market index comparisons, as there is no appropriate comparative market index and no suitable comparable peer group index for the MMT GIF against which to assess either movements in the market in relation to return from the assets in which MMT invests or the performance of MMT GIF as a whole. Refer to document titled 'No Market or Peer Group Indices' disclosed on the offer register as '20181029 Midlands Market Index Exemption.pdf'.

Annual Return Graph



The graph shows the MMT GIF annual return after charges and tax for each of the last 10 years ending 31 March, up to 31 March 2019. The last bar show the average annual return over the last 10 years, up to 31 March 2019.

Important: This does not tell you how the fund will perform in the future.

What fees are investors charged?

Investors in the MMT GIF are charged fund charges. In the year to 31 March 2018 these were:

	% of net asset value
Total MMT GIF charges [A = B + C]	2.15%
Which are made up of -	
Total management and administration charges [B = D + E]	2.15%
Including -	
Manager's basic fee [D]	1.75%
Other management and administration charges [E]	0.40%
Total performance-based fees [C]	Nil
Other charges	Nil

The above fees are exclusive of GST and represent the actual fees charged for the year.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). Such See the PDS for more information about those fees.

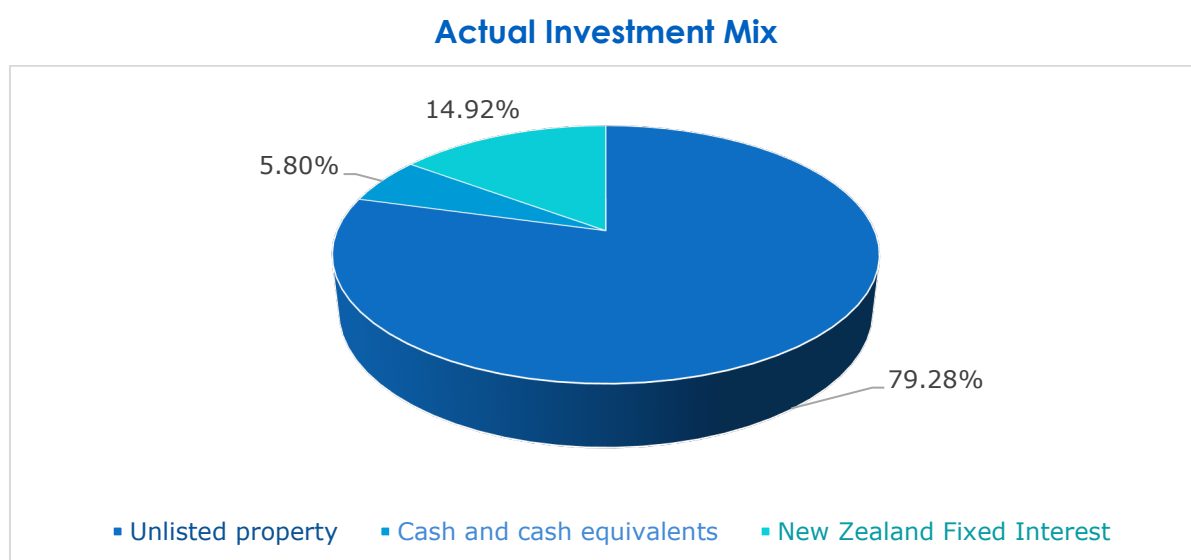
Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

Jane had \$10,000 in the fund at the start of the year and did not make further contributions. At the end of the year, Jane received a return after fund charges were deducted of \$537 (that is 5.37% of her initial \$10,000). Jane paid no other charges. This gives Jane a total return of \$537 for the year before the deduction of withholding tax at her elected withholding tax rate.

What does the Fund invest in?

This shows the types of assets that the MMT GIF invests in.



Unlisted property is first-ranking mortgages secured over New Zealand properties.

Cash and cash equivalents are on-call deposits with New Zealand registered banks.

New Zealand Fixed Interest is term deposits with New Zealand registered banks.

Top 10 Investments

Asset name		% of fund net assets	Type	Country	Credit rating
ANZ Call Account		5.78%	Cash and cash equivalents	NZ	AA-
8658178.2	Commercial	2.30%	Unlisted property	NZ	unrated
6241472.2	Rural	2.30%	Unlisted property	NZ	unrated
8568526.2	Rural	2.17%	Unlisted property	NZ	unrated
11361839.2	Residential	2.03%	Unlisted property	NZ	unrated
10862982.1	Commercial	1.91%	Unlisted property	NZ	unrated
11142756.2	Rural	1.91%	Unlisted property	NZ	unrated
10465413.6	Residential	1.72%	Unlisted property	NZ	unrated
10982318.2	Rural	1.67%	Unlisted property	NZ	unrated
11314765.4	Residential	1.57%	Unlisted property	NZ	unrated
Total value of top 10 assets		23.36%			

The total value of the 10 individual assets as a percentage of the net asset value of the fund is 23.36%.

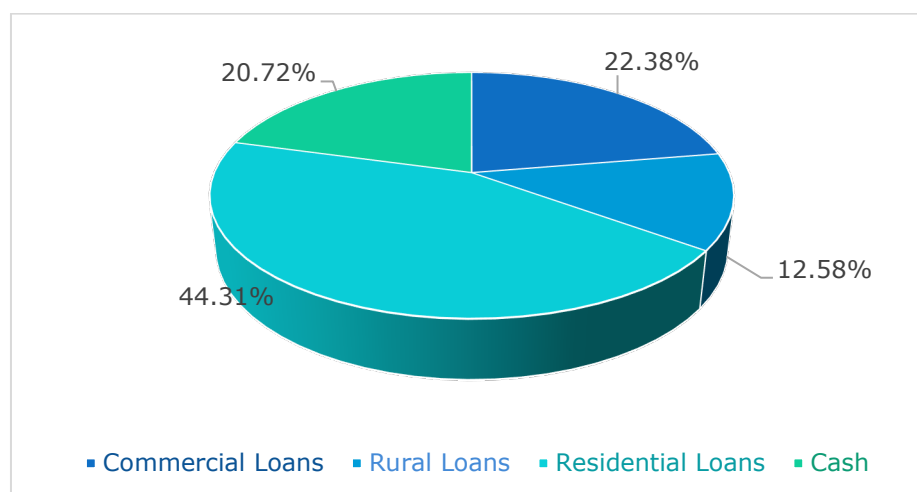
Key Personnel

Name	Current position	Years	Months	Previous position	Years	Months
Graham Throp	Chairman of Investment Committee	14	4	Director Bramwell Bate Lawyers	40	0
Preston Bulfin	Investment Committee	14	4	Consultant Halliwells Solicitors	49	0
John Campbell	Investment Committee	14	4	Partner Davidson Armstrong and Campbell Lawyers	35	0
Douglas Bailey	Commercial Manager	1	8	Administration Manager	1	4
Mark Hardman	Senior Loans Manager	0	4	Director Hawke's Bay Debt Advisory	5	3

Additional information

The Manager has prepared this additional information in accordance with the Financial Markets Conduct (Midlands Mortgage Trust Group Investment Fund) Exemption Notice 2016

Asset Type



This graph shows the composition of the MMT GIF's assets as a percentage according to asset types.

Loan Risk by Region

List of Regions	Percentage by geographic region	Proportion by asset type: Commercial	Proportion by asset type: Residential	Proportion by asset type: Rural
Auckland	17.22%	10.15%	22.55%	11.03%
Bay of Plenty	1.41%	0.00%	2.53%	0.00%
Canterbury	14.37%	11.11%	14.23%	20.63%
Hawkes Bay	28.27%	21.30%	25.10%	51.83%
North Island - Central	6.22%	5.43%	8.39%	0.00%
Northland Area	6.13%	0.00%	2.72%	8.77%
South Island - Nth West	2.92%	0.00%	3.45%	0.00%
Southland/Otago	2.63%	5.91%	1.72%	0.00%
Taranaki/Manawatu	6.27%	15.73%	3.26%	0.00%
Waikato	4.10%	8.27%	3.16%	0.00%
Wairarapa	2.31%	4.33%	1.94%	0.00%
Wellington/Kapiti	12.35%	17.77%	10.92%	7.74%
	100.00%	100.00%	100.00%	100.00%

This table shows the composition of the mortgage loans expressed as a percentage according to each geographical region and within each geographical region details of the proportion of mortgage loans asset types.

There was one impaired mortgage loan at the time this fund update was prepared

Mortgage loans are allocated an asset type based on the zoning of the principal secured property (by value) that is set in the local council's district plan.

Lending Limits

The MMT GIF has lending limits, based on the amount of the mortgage loan when compared with the value of the mortgage security properties ("LVR") at the time of mortgage loan approval, as follows:

Loans secured (or principally secured) by mortgage over residential property	Loans secured (or principally secured) by mortgage over commercial property	Loans secured (or principally secured) by mortgage over rural property
Fee simple land and buildings up to 75% LVR	Fee simple land and buildings up to 66.7% LVR	Fee simple up to 60% LVR Property used for dairy farming (fee simple) up to 66.67% LVR provided collateral security is obtained over co-operative shares
Leasehold land up to 50% LVR	Leasehold land up to 50% LVR	Leasehold land up to 50% LVR
Vacant land up to 50% LVR	Vacant land up to 50% LVR	Vacant land up to 50% LVR

Further Information

You can also obtain this information, the PDS for the MMT GIF and some additional information from the offer register at www.business.govt.nz/disclose.