

Christmas Greetings

THE FACTS

SUMMER NEWSLETTER 2011/12

FROM THE MANAGING DIRECTOR



The election is now behind us and we can all get back to our plans for Christmas. Probably the best Christmas present we could all get is for a more settled world economy. While New Zealand is in good shape relative to most of the rest of the world, we still have a way to go before we can consider ourselves to be on a sustainable growth path.

The unit price for the NZ Mortgage Income Trust P.I.E. Fund continues to soften as we move to proactively exit the remaining impaired loans. Rest assured that the fund is capable of restoring its unit price back to par as we move forward.

The distribution for the December 2011 quarter is different from previous distributions. It includes two separate components, both without any tax liability. The first is the distribution of a tax rebate from past accounting periods that came about due to losses associated with loans. This was distributed to investors as new units in the Fund. Each investor will have received a letter stating how many new units were allocated to them as part of this distribution.

The second distribution was a normal cash distribution as at the quarter ending 31st December 2011 and is the equivalent of 2.00% per annum after deduction of the quarterly running expenses of the Fund but before taxation, if any, and was calculated on an annualised basis using a \$1 unit value.

The combination of the two distributions is a return that is different for each group of investors based on their tax rate. Your letter will contain the information specific to your circumstances.

Kindly refer to the back page of the newsletter for the latest statistics relating to the Fund.

Once again this year we will be closing our office for the Christmas break. The office will close at 5.00pm, Thursday 22nd December 2011 and reopen again on Tuesday 10th January 2012.

We invite you to visit our updated website, www.nzmit.co.nz which now reflects the expanded business.

Yours sincerely,

Peter Hutchison

Managing Director, Fund Managers Otago Ltd.

Proud Supporter of Otago/Southland
Division of the Cancer Society



Merry Christmas & Happy New Year

Christmas Holiday Hours

We close on Thursday 22 December
and will reopen on Tuesday 10 January 2012.

Registered Office of The Manager: Fund Managers Otago Limited

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Investment Portfolio Statistics

Fund Size	\$54M
Unit Price	\$0.907
Number of Investors	1,480
Minimum Investment	\$500
Income Payments	Quarterly, floating rate of Return
Term of Investment	Medium to long term
Entry fees	Nil
Exit fees	The Manager has discretion to charge a fee of up to 2% on any money withdrawn 12 months after investment and up to 1% on any money withdrawn more than 12 months but less than 24 months after investment.
Liquidity as at 15 December 2011 ⁵	1%
Redemption notice period 90 business days (approximately 4.5 calendar months).	

Mortgage Portfolio Statistics

Number of Mortgages	50
Value of Mortgages	\$53.2M
Average Mortgage Size	\$1.06M
Portfolio Commercial Mortgages	62%
Portfolio Residential Mortgages	34%
Portfolio Farming Mortgages	4%
Geographic Spread: North Island	61%
Geographic Spread: South Island	39%
No. of Loans in Arrears at 30-90 days	1
No. of Loans in Arrears at 90 days +	0
No. of Impaired Loans	10

RETURNS AT A GLANCE

**Return for quarter
ending: 31/12/2011**

2.00% p.a.¹

P.I.E Pre-Tax Return
(Applies to those changing
from a 33% to 28% tax rate)

2.15% p.a.²

**Compounded return
past 12 months**

3.76% p.a.³

The NZMIT P.I.E. Fund is currently closed for new investments.

1. The 'Return for the quarter' displayed above for the NZ Mortgage Income Trust is based on a \$1 unit value and on an investor being in the Fund for the entire quarter ended 31/12/2011 and is before tax but after fees and expenses have been deducted and is expressed as a per annum equivalent before tax. Any investor who joined the Fund or withdrew from the Fund during the quarter would not necessarily earn the same return. 2. The above 'P.I.E. Pre-Tax Return' illustrates the per annum equivalent if an investor changes from a tax rate of 33% to the maximum P.I.E. tax rate of 28% which is before tax but after fees and expenses have been deducted and is expressed as a per annum equivalent before tax. Any investor who joined the Fund or withdrew from the Fund during the quarter would not necessarily earn the same return. 3. The 'Compounded return past 12 months' displayed above for the NZ Mortgage Income Trust P.I.E. Fund is based on an investor being in the Fund for the entire year ended 31/12/2011 and having elected to have their quarterly income reinvested in further units and calculated before tax but after fees and expenses have been deducted and expressed as a per annum equivalent before tax. 4. Past returns do not guarantee future performance in respect of both the NZ Mortgage Income Trust P.I.E. Fund. 5. The liquidity percentage is that percentage of the total assets of the Fund held in cash or liquid assets. 6. All information in this newsletter is current to 15 December 2011, unless otherwise stated and the figures are unaudited. 7. For further information please contact our office or contact your adviser.