NZ MORTGAGE INCOME TRUST
No. 2 Fund

PRODUCT DISCLOSURE STATEMENT

OFFER OF INTERESTS IN NZ MORTGAGE INCOME TRUST (NO.2 FUND) GROUP INVESTMENT FUND

ISSUED BY FUND MANAGERS OTAGO LIMITED

Dated: 26th August 2020

This document is a replacement product disclosure statement which replaces the previous replacement product disclosure statement dated 9th June 2020 issued by Fund Managers Otago Limited.

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose. Fund Managers Otago Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advisor to help you to make an investment decision.

1. KEY INFORMATION SUMMARY

What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Fund Managers Otago Limited (**Manager**) will invest your money and charge you a fee for its services. The returns you receive are dependent on the investment decisions of the Manager and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

What will your money be invested in?

Name of Scheme	NZ Mortgage Income Trust (No.2 Fund) Group Investment Fund (**Scheme**)
Brief description of the Scheme and its investment objective	The Scheme invests in loans secured by registered first mortgages over land and buildings in New Zealand and in cash deposits with New Zealand registered banks. The investment objective is to provide investors with an income return at a level normally better than bank deposits. There is no guarantee that the Scheme's investment objective, or any returns, will be achieved.
Risk indicator	Lower risk — Higher risk 1 2 ③ 4 5 6 7 Potentially lower returns — Potentially higher returns
See Section 4 (What are the risks of investing?) on page 8 of this document for an explanation of the risk indicator and for the information about other risks that are not included in the risk indicator. 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. There is risk an investor may lose some or all of their investment.	
Fees for the Scheme	
Scheme charges	Estimated at 3.75% per annum of the net asset value of the Scheme (based on the audited financial statements of the Scheme as at 31 March 2020) . This does not include any loan collection fees and Recovery charges which may be payable to the Manager from time to time but cannot be accurately estimated. Further details are set out in Section 5 entitled "What are the fees?"
Withdrawal fees (these are payable by individual investors and not from the Scheme)	The Manager has the right to charge withdrawal fees of up to 2% of the amount withdrawn during the first year and 1% of the amount withdrawn during the second year of investment*. **The Manager has historically not charged these fees and has decided not to charge any withdrawal fees for the foreseeable future.**

Who manages the Scheme?

Fund Managers Otago Limited is the manager of the Scheme. Go to www.nzmit.co.nz "Our Team" for details of the directors and staff. See section 7 (Who is involved?) on page 13 of this document for information about who is involved with the Scheme.

What are the returns?

Returns from the Scheme are obtained from borrowers from the Scheme paying interest on loans made; or from interest earned from bank deposits. Net interest earned by the Scheme is distributed quarterly to investors, either in cash or by the issue of additional units. See section 2 (How does this investment work?) on page 5 for more information.

How can you get your money out?

Your investment is redeemable on written notice to the Manager. The Manager is obliged under the Trust Deed to ensure that the amount of your investment is paid to you within 90 business days after the Manager receives your withdrawal notice. Investors can apply to the Manager on the grounds of hardship to receive their redemption earlier than the 90-business day redemption period. The hardship policy can be found on the website www.nzmit.co.nz under the 'Invest' tab.

The Manager can suspend redemptions if financial, political or economic conditions warrant this (see further details under the heading "Withdrawing your investments" on page 6). With the agreement of the Supervisor, the Manager can determine to give effect to redemptions either by instalments over an approved period or in total at the expiry of the period. See Section 2 (How does this Investment work?) on page 5 for further details.

Your investment in the Scheme cannot be sold or transferred to anyone else. The only exception to this is a transfer with the Manager's consent or by operation of law (for example to the executors and administrators of a deceased investor).

How will your investment be taxed?

The Scheme is not a portfolio investment entity (PIE) and investors in the Scheme will generally be required to file income tax returns. See section 6 (What taxes will you pay?) on page 13 for further information.

Where can you find more key information?

The Manager is required to publish quarterly updates for the Scheme. The updates show the returns, and the total fees actually charged to investors, during the previous year. The latest fund updates are available at www.business.govt.nz/disclose. The Manager will also give you copies of those documents on request.

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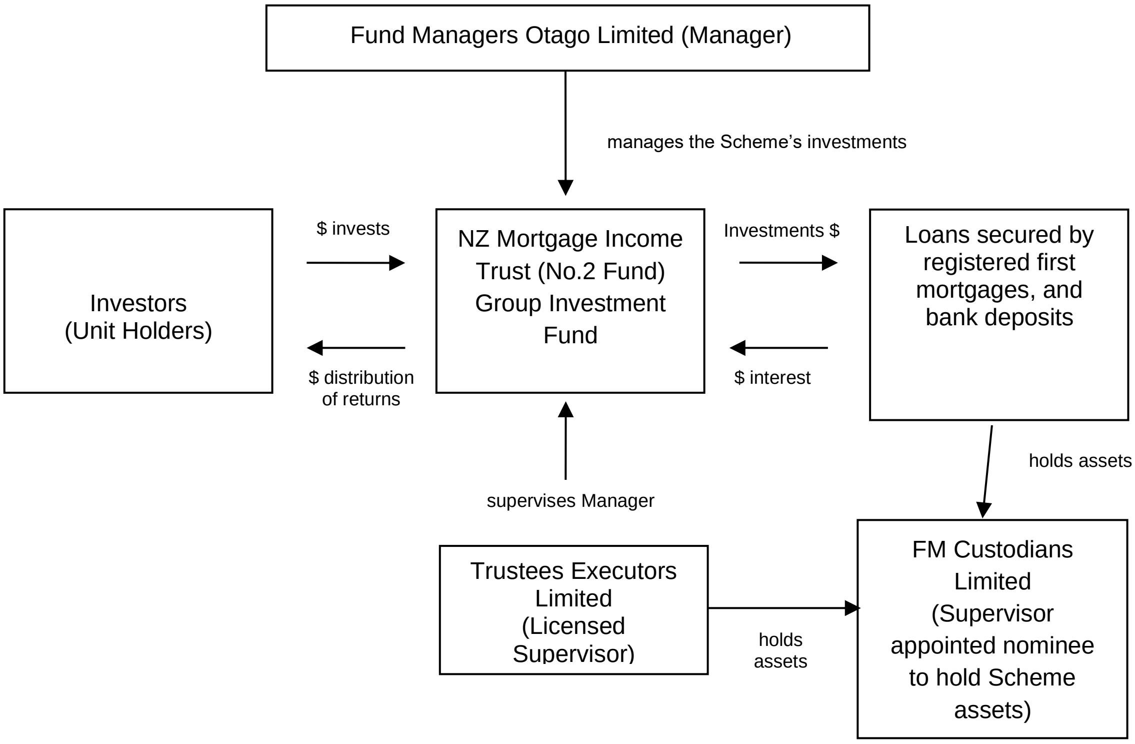
2. **HOW DOES THIS INVESTMENT WORK?**

Significant features of the NZ Mortgage Income Trust (No.2 Fund) Group Investment Fund

The following diagram shows how the Scheme works and the relationship between the parties involved.



Investors acquire and hold units in the Scheme. Units are issued at the unit value on the business day before the business day on which the application for units is received. The unit value is the Scheme value divided by the number of units on issue. The Scheme value is, in summary, the aggregate of cash and the market value of non-cash assets of the Scheme, less the undistributed Scheme income, amounts in any reserve fund, any liabilities and any expenses of the Scheme. Undistributed income of the Scheme may be used to replenish or increase the reserve fund (which may reduce investor distributions). The reserve fund contains undistributed income that the Manager considers is prudent to set aside to help meet any unforeseen losses through impairments of loans made by the Scheme over and above specific provisions against any loan.

When the Scheme was established, the unit price was based on an initial value of $1, but the above valuation method causes the unit price to fluctuate. If the underlying value of the Scheme changes materially, such as through the write down of the value of one or more of the Scheme's mortgage loans, the unit price will change. As at the date of this PDS, the current unit price is 94.5 cents per unit.

Because the Scheme is a pooled investment vehicle investors' risk is spread across cash and the loan portfolio. This gives investors a more diversified exposure to the property market than investing directly in a single property loan. If there is a poor return or loss of loan principal on any one loan, the impact is spread across the whole loan portfolio and may be less likely to have a significant effect on the returns earned on investors' investments or the value of units in the Scheme.

Distributions

Net interest distributions on units, (being the net income earned on the Scheme's investments after the payment of tax, fees, expenses and any income retention for the purposes of creating a reserve fund) are paid out to investors quarterly on, or within, 60 days after the date of the last distribution period to which it relates. The Scheme's usual business practice is to make quarterly distributions each year on the first business days of April, July, October and January.

Distributions of income are by direct credit unless an investor has requested that their interest entitlement is distributed to them by the issue of additional units and the Manager has accepted that request. Such requests must be submitted to the Manager in writing not less than 30 days prior to the expiry of the relevant distribution period.

If any investor's income entitlement is less than $25, the Manager may allocate that income entitlement by the issue of additional units, irrespective of whether the investor has elected to receive interest in that manner.

Legal structure

The Scheme is a trust established under the Trustee Companies Act 1967 by a trust deed dated 18 October 2007 between Trustees Executors Limited (**Supervisor**) and the Manager, as restated by a deed of amendment and restatement dated 18 November 2016 (**Trust Deed**).

No assets of the Scheme are available to be applied to meet the liabilities of any other fund or scheme.

Making investments

Investments can be made by completing the application form that accompanies this document and submitting that to the Manager with the required payment. Initial investments in the Scheme must be in a minimum amount of $100. The Manager has the discretion to decline any investment application for any reason.

Subsequent investments in the Scheme, whether by monthly automatic payment or by a one-off lump sum, may be made by application to the Manager (minimum of $50).

Withdrawing your investments

To withdraw from the Scheme an investor must complete a Withdrawal Notice (available from the Manager or at www.nzmit.co.nz). Subject to its right to suspend or defer withdrawals, the Manager must ensure that within 90 business days after receipt of the Withdrawal Notice, the investor is paid the relevant withdrawal amount.

Investors can apply to the Manager on the grounds of hardship to receive their redemption earlier than the 90-business day redemption period. The hardship policy can be found on the website www.nzmit.co.nz under the 'Invest' tab.

A Withdrawal Notice:

(a) may not be given for less than 100 units (or the whole amount of an investor's investment, if less than 500 units); and

(b) may not be given if it would cause an investor to hold less than 500 units.

If by reason of financial, political or economic conditions applying in respect of any financial market, the nature of an investment or the occurrence of any other circumstance relating to the Scheme, units specified in a Withdrawal Notice cannot be redeemed, then the Manager may suspend withdrawals by giving notice to that effect to the Supervisor and all investors. A withdrawal suspension notice will suspend operation of all withdrawal notices given until such time as the Manager gives all investors notice to the effect that the withdrawal suspension notice is cancelled.

If a Withdrawal Notice or a series of withdrawal notices is received in respect of the same holding of units within a period of 3 months and relate in total to more than 5% of the number of units on issue in the Scheme and the Manager and Supervisor both agree it is in the best interests of all investors to defer immediate redemption of the total units requested, then the units may be redeemed by instalments over a period approved by the Supervisor or redeemed in total at the expiry of a period approved by the Supervisor.

Other than the transmission of units in the Scheme to the executors or administrator of a deceased investor or a transfer by operation of law to any person having authority to administer the estate of a mentally disordered person and to any person becoming entitled to units in consequence of the death, bankruptcy or liquidation of any investor, units in the Scheme are not transferable without the written consent of the Manager and subject to such terms as the Manager may in its discretion impose.

3. DESCRIPTION OF YOUR INVESTMENT OPTION

Name of the Scheme	NZ Mortgage Income Trust (No.2 Fund) Group Investment Fund
Summary of Investment Objective and Investment Strategy	While this cannot be assured, the investment objective of the Scheme is to provide investors with an income return at a level normally better than bank deposits. The Scheme invests primarily in loans secured by first mortgages of land and buildings. These are generally upon demand with the terms calculated over periods up to 5 years on an interest only repayment basis, and up to 30 years on a principal and interest repayment basis but for an initial term of 5 years with a balloon payment at the end of each five year period. It may prove difficult to sell the mortgaged properties or have borrowers refinance their loans in times of an economic downturn and therefore investors should be prepared to invest for a medium to long term period. The Scheme also invests in deposits with registered banks. The Manager is required to keep at least 5% of the assets of the Scheme in cash to provide the day to day liquidity. The Scheme has a target investment mix as follows: • Cash held at one or more registered banks – a minimum of 5% and a maximum of 25% of the value of the Scheme • Residential first mortgage lending – a minimum of 10% and a maximum of 75% of the value of the Scheme • Commercial first mortgage lending – a minimum of 15% and a maximum of 75% of the value of the Scheme • Rural first mortgage lending – a minimum of 0% and a maximum of 50% of the value of the Scheme
Risk Category	The Scheme has a risk category of "3". See Section 1 (Key Information Summary) on page 2 of this document for the Scheme's risk indicator and Section 4 (What are the risks of investing) on page 8 of this document for information on understanding the risk indicator.
Minimum suggested timeframe for holding the investment	2 years.
Summary of Investment Policies	The policy of the Manager in relation to the mortgage lending is to establish and maintain a broad range of mortgage investments with a mix of mortgage types, interest rates, maturity dates and physical locations. The target investment mix (by secured property type) is set out above. The aim is for the mortgage loan portfolio to be geographically spread throughout New Zealand, subject to normal market forces. Please refer to the latest fund update for more details of the geographical spread. The loans are generally made at a floating interest rate. The Manager's policy for investing in deposits with New Zealand registered banks is to have a mixture of on call deposits and terms deposits (with maturities of up to 12 months). The Scheme has lending limits, based on the amount of the loan compared with the value of the mortgage security property (LVR) at the time of loan approval, being:

Residential Mortgages	**Commercial Mortgages**	**Rural Mortgages**

	Fee simple land and buildings: up to 80% LVR	Fee simple land and buildings: up to 66.7% LVR	Fee simple land and buildings: up to 60% LVR
	Leasehold: up to 50% LVR	Leasehold: up to 50% LVR	Leasehold: up to 50% LVR
	Vacant land with power, water, sewage and associated services (**Services**) completed: up to 70% LVR	Vacant land with Services completed: up to 60% LVR	
	Vacant Land which does not have Services: up to 50% LVR	Vacant Land which does not have Services: up to 50% LVR	Vacant Land which does not have Services: up to 50% LVR
Changes to investment policy	The Scheme's statement of investment policies and objectives (**SIPO**) may only be amended by agreement between the Manager and the Supervisor. Any changes to the SIPO will be notified to investors by the Manager and details available at www.business.govt.nz/disclose.		

Further information about the assets in the Scheme can be found in the fund updates at www.business.govt.nz/disclose .

4. WHAT ARE THE RISKS OF INVESTING?

Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.

The following is an example risk indicator. See Section 1 – Key Information Summary – on page 2 of this document for the completed risk indicator of the Scheme.

⇦ 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 Scheme'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 below), that are not captured by this rating.

This risk indicator is not a guarantee of a Scheme's future performance. The risk indicator is based on the annualised returns data for the 5 year period ending 31 March 2020, being the most recently completed quarter for the Scheme. While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest fund update for this Scheme.

General Investment risks

Some of the things that may cause the Scheme's value to move up and down which affect the risk indicator, are set out below:

Credit Risk

A borrower may default by:

- failing to pay interest instalments when due;
- failing to pay the loan balance at the end of the loan term;
- breaching loan or security covenants, such as failure to maintain insurance for the property mortgaged to the Scheme or failing to pay rates on the property.

Borrower default may affect the income returns of the Scheme and the capital value of the Scheme

Borrower default has the following potential consequences:

- negative cash flow impact (meaning returns on units may be less or there may be no returns);
- need to enforce the security held, including a sale of the property at a mortgagee sale. The sale price achieved on a mortgagee sale is often less than on an "open market" sale and may be less than the loan amount.

As the Scheme lends only on first mortgage securities, it will rank first in returns from any mortgagee sale.

Interest Rate Risk

Interest rate risk can arise as a result of:

- Changes in mortgage interest rates.
- Changes in bank deposit interest rates, which directly impact the Scheme’s cash assets (bank deposits)These risks may affect the income returns of the Scheme.

The market demand for loans secured by mortgage is directly affected by general movements in interest rates throughout the finance industry in New Zealand that are outside the control of the Scheme. These general movements may affect the Scheme’s financial performance and return to investors. Generally the higher the interest rate that the Scheme can lend money out at, the higher the return investors can expect from the Scheme.

The Manager actively manages liquidity on a daily basis to maximise the return and minimise the risk of liquidity falling below the level set by the Manager’s policy.

Property Sector Risks
The Scheme secures loans against residential, commercial and rural properties (each sector having its own risks). A downturn in one or more of these sectors may have an adverse effect on the financial performance of the Scheme. A fall in property values may mean that security margins are lessened, and the loan could exceed the value of the property. For example, an individual mortgaged property sold at less than the outstanding loan amount could affect the income returns to, and the capital value of, the Scheme.

The Scheme intends to maintain a reserve fund designed to mitigate the effect of the property sector risks on the Scheme's income and capital value.

Losses in excess of the reserve fund may impact on both income to investors and the Scheme's capital value. If a single loss or combined losses across several loans exceed the reserve fund, the loss may result in a reduction in distributions to investors and in a reduction of the value of the units in the Scheme.

Development Lending Risk

The Scheme may, on occasion, lend for property development (which, for the avoidance of doubt, does not include residential owner-occupied/self-build house construction).

Failure to complete a development can mean that the incomplete development fails on sale to achieve the amount of loan funding advanced on it.

Development lending risk may affect the income returns of the Scheme and the capital value of the Scheme

The Scheme's lending criteria generally includes requiring that construction costs are locked in with a fixed price building contract (if at all possible); the building contractor is reputable and satisfactory to the Manager; and the borrower has sufficient experience and funding to complete the development. .

Land Value Risk

There are risks associated with lending on the security of a property with a high unimproved land value. The Scheme may also, on occasion, lend on the security of entirely bare or undeveloped land.

Land value risk may affect the capital value of the Scheme.

The unimproved land value component is exposed to risks associated with changes of zoning that could adversely affect value. In the case of natural disasters involving damage to land, there may be no adequate compensation or available insurance for the loss of unimproved land value. This risk is mitigated by limiting bare land lending in the Scheme.

Liquidity

There is a risk that the Scheme will not have sufficient liquid assets to meet withdrawal requests.

Depending upon the extent of any strain on the Scheme's liquidity, the income returns of the Scheme and/or the capital value of the Scheme may be affected.

The ability of the Scheme to redeem units is dependent on the amount of cash and other liquid assets held by the Scheme.

The Scheme invests in loans secured by mortgages which, by their nature, are illiquid. If there are requests to redeem units having an aggregate redemption amount in excess of available cash and other liquid assets (and the Manager is not able to sell part of the Scheme's mortgage loan portfolio in a timely fashion), the Manager may need to suspend redemptions or require that redemptions are by instalments until cash reserves are increased.

The Manager has agreed with the Supervisor to maintain at least 5% of the net value of the Scheme in cash deposits and other liquid assets.

Higher levels of liquid assets result in lower returns from the Scheme since interest rates on deposits are less than interest rates on mortgage loans.

Economic Risk

Current and future economic and investment market conditions may materially and adversely impact the Scheme. In recent times, the COVID-19 pandemic has, and continues to have, a significant impact on the economy at both the micro and macro levels. Changing economic and market conditions are likely to raise several implications for the Scheme, including liquidity, potential for increased borrower default, reduction in property (security) values and asset quality considerations. Investors should consider these broader economic and investment risks before investing, considering their own risk appetite and the reality that not all risks can be completely mitigated.

Litigation Risk

There is a risk that Scheme borrowers and/or other third parties may bring claims against the Scheme (as lender/mortgagee). Depending upon the nature and extent of any claims brought against the Scheme, the income returns of the Scheme and/or the capital value of the Scheme may be affected.

Since 2016 the Scheme has been defending an application by the Crown for an Instrument Forfeiture Order for properties over which the Scheme held first mortgages. The Crown was initially successful in its claim. The Scheme appealed the decision to the High Court and then the Court of Appeal in an effort to overturn the Order. The appeals were unsuccessful. However, civil action was also taken by the Scheme to recover part of the loss from the lawyer who acted on the lending transaction. This was ultimately settled, and the proceeds have been taken into account in the financial statements for the year ended31 March 2020.

Since 15 September 2016, redemptions were only paid out to 90 cents in the dollar rather than the unit valuation for investments that were made prior to that date. This was to ensure that all investors who had invested in the Scheme prior to 15 September 2016 were treated fairly. Now that the litigation has been concluded and the matter has been finalised, the difference between the redemption funds retained and the loss suffered can be calculated, with such amounts to be paid out to affected investors on 28 August 2020. Redemption restrictions as a result of this litigation will no longer apply and redemptions will be paid out at the unit valuation, regardless of when the relevant units were acquired.

5. WHAT ARE THE FEES?

You will be charged fees for investing in the Scheme. Fees are deducted from your investment and will reduce your returns. The fees you pay will be charged in two ways:

(a) regular charges (for example, annual Scheme charges). Small differences in these fees can have a big impact on your investment over the long term;

(b) one off fees (for example, early withdrawal fees).

Total Annual Scheme Fees (Total Fees)	Estimated at 3.75% per annum of the net asset value of the Scheme (dependent on actual costs incurred) but excluding loan collection fees which may be payable to the Manager and cannot be accurately estimated (see below).
Manager's basic fee	1.50% per annum of the net asset value of the Scheme. The Manager's Fee is calculated daily and paid monthly in arrears out of the Scheme's assets. The Manager's Fee is included in the Total Fees and is for management services to the Scheme.
Loan collection fees	The Manager is entitled to the greater of 25% of any default interest collected by the Scheme from borrowers or a fee of $175 per hour, when undertaking work to recover the Scheme's debts outside of normal mortgage lending activity covered by the Manager’s basic fee (for example, when working with receivers, liquidators, accountants, lawyers and other professionals assisting the Manager with recoveries). These charges are not included in the estimate of Total Fees set out above as they apply on a case by case basis and cannot be accurately estimated by the Manager.

Supervisor's fee	0.1% per annum of the net asset value of Scheme up to $100 million and thereafter 0.08% per annum of the gross value of the Scheme with a minimum fee $30,000 per annum. The Supervisor's Fee is calculated daily and paid quarterly in arrears out of the Scheme's assets. The Supervisor's Fee is included in the Total Fees is for trustee and supervisor services.
Administrative charges	Estimated at 2.15% per annum of the net asset value of the Scheme. The annual recoverable expenses include costs of investor communications, audit/accounting fees, legal fees and other costs associated with operating the Scheme. These costs are variable, an estimate only, and are based on actual expenses for the Scheme incurred in previous years. These other charges are included in the Total Fees.
Withdrawal fees (these are payable by individual investors and are not part of the Total Fees)	The Manager has the right to charge withdrawal fees of up to 2% of the amount withdrawn during the first year of investment and 1% of the amount withdrawn during the second year of investment but may waive such fees at its discretion. **The Manager has decided not to charge any withdrawal fees for the foreseeable future but reserves it right to do so.**

There is no performance fee in relation to the Scheme.

All fees are subject to GST (if any).

Investors may be charged other fees on an individual basis for investor-specific decisions or actions. Further information about this may be found in the Scheme's SIPO, available in the online register.

Example of how fees apply to an investor

John invests $10,000 in the Scheme. He is not charged an establishment fee. He is not charged a contribution fee. That means the starting value of John's investment is $10,000. He is charged management and administration fees which work out to about $375 (3.75% of $10,000). If John chooses to redeem any units in the first year of his investment, he may be required to pay the early withdrawal fee of 2% of the amount withdrawn, if such fee is charged by the Manager. These fees might be more or less if John's account balance has increased or decreased over the year.

Estimated total fees for the first year

Scheme Charges:	$375 plus GST (if any)
Individual action fees:	Early withdrawal fee of 2% of amounts withdrawn during the first year of investment (waived by the Manager as at the date of the PDS but may be charged at the Manager's discretion).

See the latest fund update for an example of actual returns and fees investors were charged over the past year.

The fees can be changed

The Manager and Supervisor fees may change by agreement between the Supervisor and the Manager. The withdrawal fees payable by investors during the first two years of investment can only be changed by amendment of the trust deed establishing the Scheme.

The Manager must publish a fund update for the Scheme showing the fees actually charged during the most recent year. Fund updates, including past fund updates, are available at www.business.govt.nz/disclose.

Other charges

In addition to the fees payable by the Scheme or investors set out above, other fees are payable by the Manager or individual borrowers, as follows:

Investment commissions	The Manager may pay commissions to law firms or other investment advisers for investment applications lodged through them. Any commissions are paid out of the Manager's own funds.
Loan Administration and Lending Fees	The Manager and the Supervisor charge agreed fees for services relating to the running and administration of the mortgage portfolio. Fees are recoverable from borrowers directly.

6. WHAT TAXES WILL YOU PAY?

Tax can have significant consequences for investments. If an investor has queries relating to the tax consequences of the investment the investor should obtain professional advice on those consequences.

The Scheme is a designated group investment fund for taxation purposes. As such, income distributed to investors is treated for tax purposes as beneficiary income under the trust regime. As the Scheme is not a portfolio investment entity (PIE) and investors are receiving beneficiary income, investors in the Scheme are generally required to file an annual income tax return.

Investors that are natural persons or trustees can elect to have resident withholding tax deducted at the 10.5%, 17.5%, 30% or 33% tax rates if a valid IRD number is supplied (provided that for trusts, only testamentary trusts may select a 10.5% tax rate). Investors that are companies can elect to have resident withholding tax deducted at 28% or 30% (for companies who provide their IRD number). Where no IRD number is supplied resident withholding tax is deducted at 33%. Investors who supply withholding tax exemption certificates will receive their income with no tax deducted. Non-residents will have non-resident withholding tax deducted at the applicable rate to their country of residence or approved issuer levy deducted at the current rate of 2%.

The information in this section is intended as general guidance only and is based on legislation in effect as at the date of this investment statement. We recommend investors seek professional tax advice regarding their individual circumstances prior to investing.

7. WHO IS INVOLVED?

About the Manager

The Manager is Fund Managers Otago Limited.

Address: Level 8, 248 Cumberland Street, PO Box 5741, Dunedin 9058
Freephone: 0800 800 212
Email: enquiries@mortgagetrust.co.nz

The Manager has a wholly owned subsidiary company, FMO Registry Services Limited, which provides registry services to property syndication companies.

Who else is involved?

	Name	Role
Supervisor and trustee	Trustees Executors Limited	The role of the Supervisor as supervisor and trustee of the Scheme is to hold all of the assets of the Scheme on behalf of the investors and to monitor the Manager's compliance with its obligations.
Custodian	FM Custodians Limited	The Supervisor has appointed FM Custodians Limited as bare nominee to hold the Scheme's assets on the Supervisor's behalf.

8. HOW TO COMPLAIN

Complaints about the Scheme can be made to:

(a) The Manager: Fund Managers Otago Limited

Level 8
248 Cumberland Street
Dunedin 9016
Attention: Managing Director

Freephone: 0800 800 212
Email: enquiries@mortgagetrust.co.nz

(b) The Supervisor: Trustees Executors Limited

Level 5
10 Customhouse Quay
Wellington 6011
Attention: Client Manager – Corporate Trustee Services

Telephone: (04) 495 0995
Email: cts@trustees.co.nz

The Manager and the Supervisor are members of Financial Services Complaints Limited (FSCL), an approved dispute resolution scheme. If your complaint is not resolved within 40 days after contacting either the Manager or Supervisor or you are dissatisfied with the proposed resolution, you can refer it to FSCL at:

Level 4
101 Lambton Quay
PO Box 5967
Lambton Quay
Wellington 6145

Telephone: (04) 472 3725
Freephone: 0800 347 257

FSCL will not charge a fee to any complainant to investigate or resolve any complaint. Complaints can also be made to the Financial Markets Authority through its website www.fma.govt.nz.

9. WHERE YOU CAN FIND MORE INFORMATION

You may request at any time, copies of the Trust Deed, the most recent financial statements, and the most recent annual report for the scheme from the Manager using the contact details set out in Section 7 headed "Who is Involved?":

Copies of the above documents will be provided free of charge (except for the Trust Deed, for which a reasonable fee may apply) on request to the Manager. These documents are also available for public inspection at the offices of the Manager at Level 8, 248 Cumberland Street, Dunedin and on the offer register. A copy of information on the offer register is available on request to the Registrar. The internet site address for the offer register is www.business.govt.nz/disclose.

10. HOW TO APPLY

Investors must complete the application form distributed with this document and send it, with other required identity documents and payment to:

Fund Managers Otago Limited
P O Box 5741
Dunedin 9054

Alternatively investors can leave the application form, identity documents and payment with their investment advisor, who will send them to the Manager. The Manager accepts emailed applications sent to:

Email: enquiries@mortgagetrust.co.nz