



**INVEST WITH
MIDLANDS**

3.50%*

ANNUALISED PRE-TAX QUARTERLY RETURN

We have three overriding objectives for our Fund and its management. Firstly it must be conservatively managed; secondly, it must deliver a good return and thirdly, it must be successful and grow. This quarter we are pleased to report that all our objectives have been met.

The Fund has grown over 43% year on year and now stands at \$82.5 million. We have reported a return of 3.50%*, over 2.5 percentage points more than current bank term deposit rates and our loan book and pipeline of loans is strong in a buoyant market. We are confident these conditions will lead to greater returns in the future.

If you have any questions please do not hesitate to contact us and we will happily assist you.

Newsletter written 18th March 2021.

*Annualised pre-tax March quarterly return. Paid quarterly.
Past performance is no guarantee of future performance.



MIDLANDS
MORTGAGE TRUST

CEO COMMENT

Anton Douglas,
CEO



Last year felt a little like a rollercoaster ride, a trip the whole world participated in – like it or not! I join everyone in hoping this particular ride is about to end and the roll out of vaccines will see us returning to a safer and calmer future.

In spite of the uncertainty in both the global and local markets, we have shown considerable growth. At the beginning of 2020, the Fund was at \$57 million; today I am pleased to report that the Fund is at \$82.5 million, an increase of over 43% in value. We continue to work diligently to ensure we keep up this pace of growth. I am extremely grateful for the trust you and the other 700 plus investors have placed in Midlands and the team. We will continue to invest wisely whilst seeking healthy returns.

To this end, our loans team has been busy putting our new funds to work, balancing risk and reward and maintaining and improving the credit quality of the loan portfolio. There is typically a lag between funds coming in, loans going out and a return received, and this lag has been the main factor influencing our return to you this past quarter.

Our quarterly pre-tax annualised performance of 3.50%* represents a healthy return on your investment when compared to current bank term deposit rates.

Our loans portfolio has grown to \$70 million and our liquidity position (cash as a percentage of the Fund value) rests at 19%, a much healthier position than the 35% high last year. This puts us in a strong position to deliver ever more attractive returns moving forward.

And finally, Midlands Mortgage Trust is growing. We have created a position and have hired a new senior credit manager, who will join the team in April, and we are growing our product offerings. More news of which I hope to share with you in the coming months.

Thank you for your continued support, it is a pleasure to help your money grow.

Elliott Jackson,
Relationship Manager



Traditionally, putting your money in the bank and watching it grow has been a popular way to manage your money. Bank deposits still offer flexibility and security but no longer offer growth or a return on your investment. Interest rates are now at an historic low and some countries including Switzerland, Sweden, Japan and 19 countries in the Euro zone are experiencing negative interest rates. It is of no surprise that as interest rates fell, we have seen significant growth in our funds under management.

In the last 12 months, the Fund has grown over 43% to over \$82 million, and this quarter our pre-tax return on investment is 3.50%*. This represents a much higher return than investing in bank term deposits.

Our lending team is working diligently building, refining, and developing new lending opportunities, all the time balancing risk and reward and holding true to our conservative approach to investment. Like you, we are also investors and, like you, we want prudent management and growth.

Excitingly, we are planning to launch two new products in the near future: a PIE fund and a wholesale fund.** These new funds will enhance our offering to investors. It is a huge endorsement from our Board to move forward and enhance our offerings, and the team and I look forward to growing these funds.

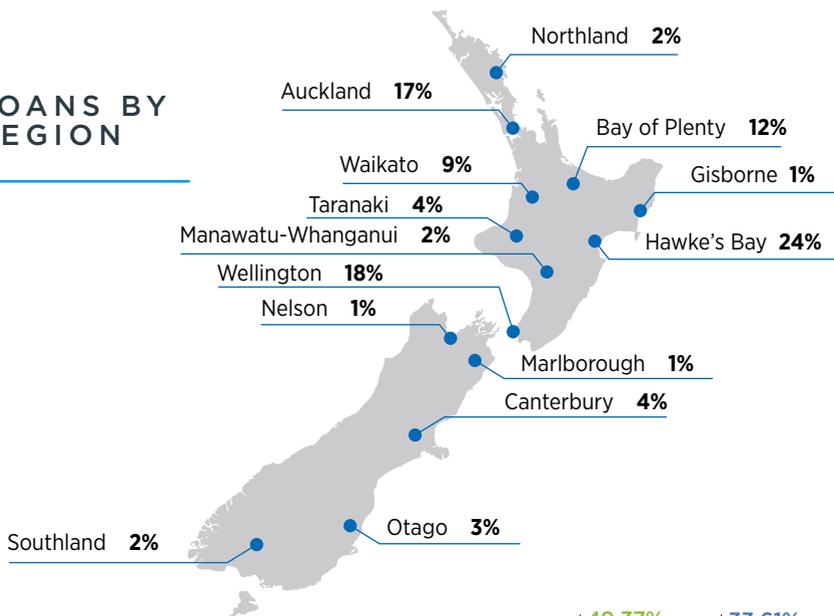
PERFORMANCE SNAPSHOT

	Quarterly distributions*	Fund size	Unit price
1 APR 2020	5.10%	\$59.7m	92c
1 JUL 2020	5.10%	\$61.1m	92c
1 OCT 2020	4.50%	\$67.4m	92c
1 JAN 2021	3.80%	\$75.5m	92c
1 APR 2021	3.50%	\$82.5m <i>at 18th March 2021</i>	92c

*Annualised pre-tax March quarterly return. Paid quarterly. Past performance is no guarantee of future performance.

** No money is currently being sought for the PIE and wholesale funds, and investments in these funds cannot currently be applied for. Offers of investments in these funds will be made in accordance with the Financial Markets Conduct Act 2013. The proposed wholesale fund will be limited to wholesale investors in terms of that Act.

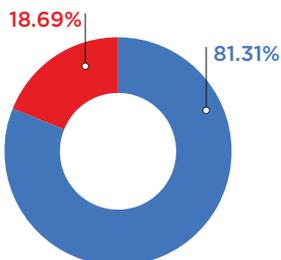
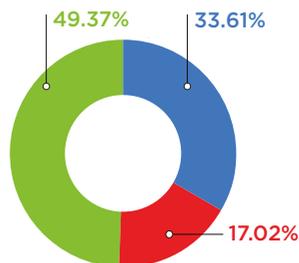
LOANS BY REGION



LOANS BY SECTOR

The loan assets are spread between commercial, rural and residential securities as follows:

■ Commercial loans
 ■ Rural loans
 ■ Residential loans



FUND ASSET ALLOCATION

At 18 March 2021 the Fund's assets comprised:

■ Unlisted property (*loans secured by 1st mortgage*)
■ Cash and cash equivalents

INVESTOR RETURN	NUMBER OF INVESTORS	AVERAGE INVESTMENT	FUND SIZE	LARGEST LOAN	NUMBER OF LOANS	AVERAGE LOAN SIZE	CASH AND TERM DEPOSITS
3.50%*	717	\$115k	\$82.5m <i>as at 18 March</i>	\$2.7m	112	\$584k	\$15.6m

*As at 18th March 2021.

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Mark Hardman,
Senior Loans Manager



A strong pipeline of quality loan proposals is the key to our success. By quality, I mean loans that are properly secured and borrowers who are readily able to meet the repayment terms. Everyone at Midlands is deeply aware of the trust you place in us to ensure both security and growth.

I am very pleased to report our loan book will be at \$70 million at the end of March 2021. This represents an increase of over 27% since the end of 2020, where the book rested at \$55 million. This increase represents the work we have done since the easing of the Covid restraints, where it was necessary to increase our cash liquidity.

As liquidity moves to more normal levels and we make more loans, we will be able to maximise our returns in the months ahead. The market and our pipeline of quality loan proposals is strong.

I talked earlier of quality and security in our loan book. Our loan-to-value ratio (LVR) averages 49%, this means we are, on average, lending less than half the properties' value. This conservative approach gives us all comfort.

I look forward to reporting on our success, growth and returns in the next few months.

EMAIL ADDRESSES

Midlands is increasingly using electronic communication to talk to customers, and we are continually adding email addresses to our customer files. Please take the time to send us your email address by emailing: elliott@mmt.net.nz

Doug Bailey,
Chief Operations Officer



In this newsletter you will see many references to the size and scale of our Fund. The prime goal of Midlands is to grow our fund. By growing, we reduce expenditure as a percentage of income and this in turn improves our returns to you. Increased size also enables us to work with financial advisers who do not entertain investment options below \$100 million.

In support of our goal and in preparation for exceeding \$100 million, we are planning two new product offerings, namely a PIE fund and a wholesale fund, to attract high net worth individuals and commercial investors.** Along with my colleagues, I hope to be able to talk more about these products in a future newsletter. Money in will only produce a return if we can lend it out and to this end we have hired a senior credit manager to enhance our lending decision-making and to be more responsive to mortgage brokers' needs.

And finally, there have been some improvements at Midlands. A move to new offices has enabled us to make many changes to the way we run our business. We are making improvements to our IT infrastructure, our Loan Management System, Customer Relationship Management System, biometric anti-money laundering technology, and a web-based customer portal, which will enable you to keep track of your investment. Greater reliance on IT comes with risk but our upgrade meets the Essential Eight Standard. This Australian standard has a higher rating than currently approved in New Zealand and ensures your information is kept secure. These improvements enable us to communicate better with you, protect you and provide enhanced digital security.

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MEET THE TEAM



Anton
Douglas



Doug
Bailey



Mark
Hardman



Elliott
Jackson



Jill
Shipp



Wendy
Babe



Chandar
Dudding



Leoni
Potgieter



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