Canterbury Mortgage Trust

Investment Transfer Policy

On 22 July 2008 the Manager of the Fund (Fund Managers Canterbury Ltd (FMC)) advised investors that all withdrawals from the Fund had been suspended for 90 days and would then be followed by the 90 business day redemption period making the effective date for the payment of redemptions March 2009. This action was taken to secure and protect the Fund from an unprecedented level of withdrawal requests from unitholders.

On 11 February 2009 the Manager (FMC) resolved that the Fund should be wound-up and the assets realised to permit the pro-rata repayment of capital to unitholders. Since the decision to wind up the Fund, the realisation of the Fund's assets has been supervised by the Trustee, who has contracted a third party credit consultant to manage the realisation process. At 31 December 2012 capital repayments of 83% of the unitholder balances at suspension have been made to all unitholders.

While these actions resulted in the suspension of all withdrawals from the Fund, transfers between unitholders or to new unitholders in the Fund have continued to be processed.

CMT’s transfer policy is:

- Transfers are permitted where the party is exiting/joining a PIP (PIE investor Proxy or wrap fund), between existing unit holders or on distribution of an estate, trust or other entity. With the funds moving to an existing or new investor within the Fund.
- At the time of suspension the minimum investment in the Fund was $500. As at 31 December 2012, as a result of the reduced fund size the minimum new investment in the fund is $85.00.
- Further repayments of capital will see this threshold reduce, based on the percentage of unit holders funds returned.
- For the transfer to be recognised, the seller and the recipient of the transferred units must supply the minimum information outlined in the form below. This form is a guide only and any securities transfer form is acceptable, provided all the requested information is supplied.

For the Trustee:

R McLoughlin

Trustees Executors Ltd

For the Manager:

CA Gower

Canterbury Fund Managers Ltd

Canterbury Mortgage Trust

Group Investment Fund

Transfer of Investment Within the Fund

Seller:	Name				
	Investment number			Client Number	
Amount Transferred:	All	Y / N	or	Share	%
	or Amount				

Signature(s) of the Seller :
(authorised person(s))

Recipient:	Full Name				
	Address				
	IRD Number				
	PIR Rate	0.0%	10.5%	17.5%	28.0%
	Bank Account :				
	- Name				
	- Number				

Documents to be attached : Bank Deposit Slip Copy : Individual ID (eg drivers licence copy) :

Signature(s) of the Recipient :
(authorised person(s))

IR 861
August 2010

Prescribed investor rate

What is a prescribed investor rate (PIR)?

A PIR is the tax rate that your portfolio investment entity (PIE) is able to use to calculate the tax on the income it derives from the investment of your contributions. The PIR is based on your taxable income, eg, income from salary, wages and any additional sources of income you would include in your income tax return. You'll also need to take into account any income or loss attributed to you from your PIE when determining your PIR.

Why do I need a PIR?

Managed funds that become PIEs can calculate the tax rate based on each investor's PIR.

Previously, the fund used the 33% tax rate. This rate can be reduced to 10.5% for investors qualifying for the lower rate.

PIE investors need to give their PIR and IRD number to their PIE to ensure their investment income is taxed at the right rate.

When do I need to provide my PIR?

When your PIE asks you for it or before the PIE calculates the tax on the income it attributes to its investors. You should review your rate each year to ensure it is correct and notify your PIE of any changes.

Rate change 1 October 2010

If your PIE already has your PIR the PIE will change you to the new rate, from 1 October 2010, so you don't have to do anything.

Failure to provide your PIR

It's important you provide your PIR and IRD number when asked for them. If you fail to provide your PIR and IRD number then your investment will be taxed at the default rate of 28%. This rate could be higher than your PIR.

The diagrams on the following pages outline the various rates and how to work out what your PIR should be.

Providing your IRD number

If you're a New Zealand resident you must give your IRD number to your PIE along with your PIR. If you don't, your investment may be taxed at the default rate of 28% and additional penalties applied.

For more information go to **www.ird.govt.nz/toii**

Inland Revenue
Te Tari Taake

Work out your prescribed investor rate (PIR) for the period 1 October 2010 and future income years

There are four rates that can apply to an investor who has also provided their IRD number: **0%, 10.5%, 17.5%** and **28%**. Use the chart below to identify the correct rate for your circumstances.

Resident individual investor
Note: The income details are for the two income years prior to the income year the PIR is to be applied to.

In EITHER of the last 2 income years was your taxable income $14,000 or less and your taxable income plus your PIE income, or less your PIE loss, $48,000 or less?

- Yes → Your PIR is **10.5%**
- No → In EITHER of the last 2 income years was your taxable income $48,000 or less and your taxable income plus your PIE income, or less your PIE loss, $70,000 or less?
  - Yes → Your PIR is **17.5%**
  - No → In all other cases → Your PIR is **28%**

Non-resident investor → Your PIR is **28%**

Company, incorporated society or PIE → Your PIR is **0%**

Superfund and trustees (excluding charitable trusts) → Note: Trustees of testamentary trusts may also choose 10.5%. → You can choose a PIR of either **0%, 17.5%** or **28%** to best suit your beneficiaries

Registered charitable trust → Your PIR is **0%**

Joint investment partnership, or unincorporated society → The investment should be split and each partner/holder should give the PIE their correct PIR and IRD number: **0%, 10.5%, 17.5%** or **28%**