Canterbury Mortgage Trust

Investment Transfer Policy

On 22 July 2008 the former manager of the Fund (Fund Managers Canterbury Ltd (FMC)) advised its 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 former 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 March 2017 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.
- The Trustee and Manager have set the minimum size for a new holding in the fund at $100. For a holding in the Fund to be split between multiple recipients, each must receive a minimum of $100. Meaning amounts under $200 must be transferred to a single recipient.
- 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 off-market securities transfer form is generally acceptable, provided all the requested information is supplied. CMT reserves the right to request further information to meet legislative requirements.
- The transfer of holdings over $10,000 must have any documents provided with the transfer certified by a solicitor, JP or similar with the recipients ID & address also verified in accordance with the anti-money laundering and counter terrorism financing legislation.

For the Trustee:

S Roberts

Trustees Executors Ltd

For the Manager:

Colin Gower.

CA Gower

Canterbury Fund Managers Ltd

Canterbury Mortgage Trust

Group Investment Fund

Transfer of Investment Within the Fund

Sellers name:

Investment number

Client Number

Amount Transferred: All | Yes / No

If No then: Share %

or Amount

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

For amounts over $10,000 the recipients address needs to be verified and all documents supplied certified by a solicitor, JP or similar.

Recipients Full Name

Postal Address for Communication

Phone

Email

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 passport copy) :

Signature(s) of the
Recipient/Authorised person(s)
(attach evidence of appointment if applicable)

IR 861
September 2011

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.

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?

You need to provide your 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's correct and notify your PIE of any changes.

Rate change for new residents, transitional residents and non-residents

Changes to the PIE rules allow transitional residents and non-residents access to new PIRs.

New residents will be required to include all their income when determining their PIR (refer to page 3).

Further information is also available on our website and in our series of factsheets for investors in PIEs.

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 diagram on the next page outlines the various rates and shows how to work out your PIR.

Providing your IRD number

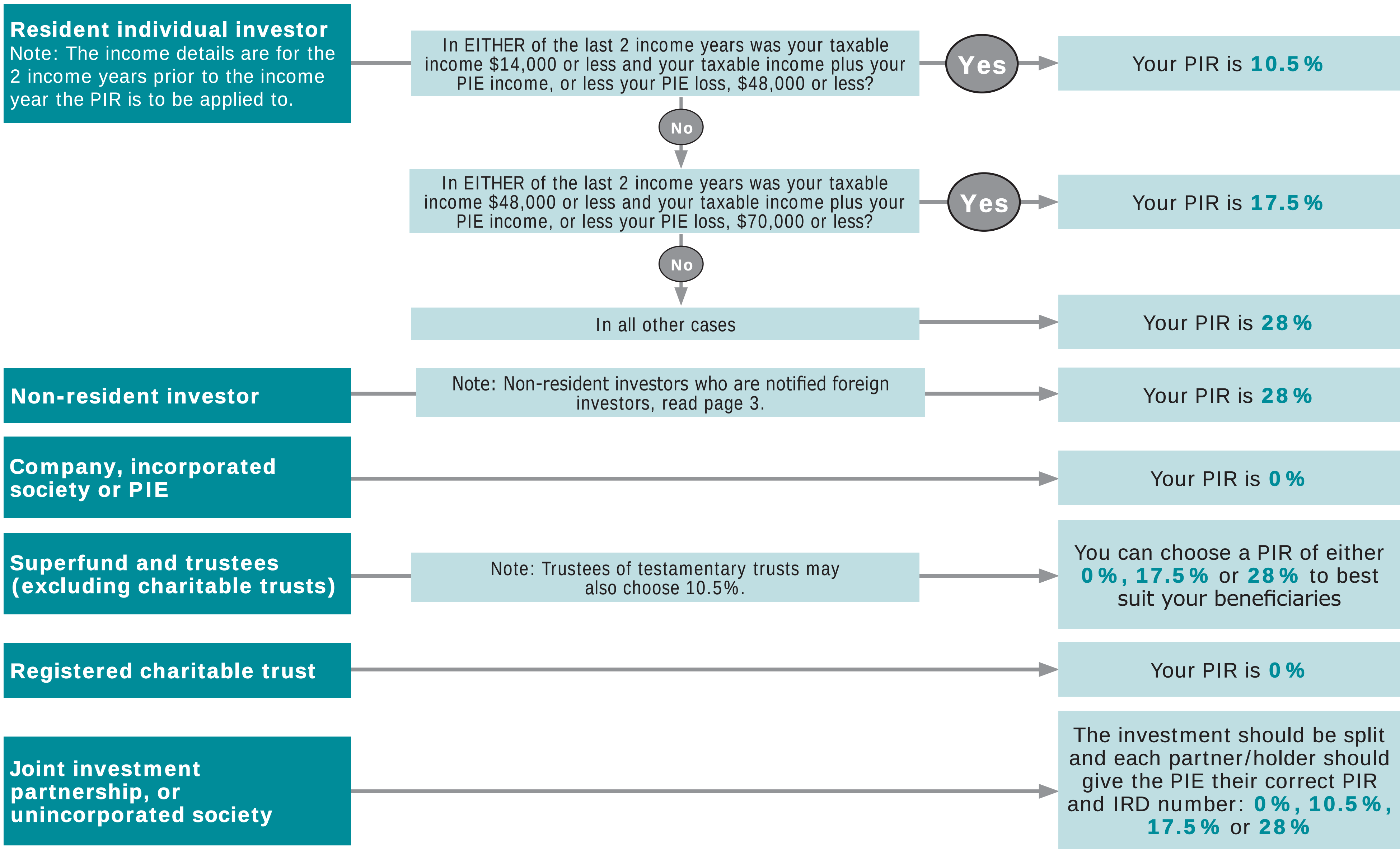
If you're a New Zealand resident you must give your IRD number to your PIE along with your PIR. If you don't, your investment will be taxed at the default rate of 28% and additional penalties may be applied.

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

Inland Revenue
Te Tari Taake

Work out your prescribed investor rate (PIR) from August 2011 and for future income years

There are four rates that can apply to a resident 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. New residents, transitional residents and notified foreign investors please read page 3.



CHANGES TO THE PIE RULES

Changes to the PIE rules introduce two new types of PIEs, a foreign investment zero-rate PIE (zero-rate PIE) and a foreign investment variable-rate PIE (variable-rate PIE). These PIEs allow qualifying non-residents (notified foreign investors) who invest in these PIEs to be taxed at a similar rate to what they would pay if they invested directly in the PIE's investment.

Changes have also been made to the PIRs for new residents and transitional residents.

New residents

If you become a resident of New Zealand on or after 1 April 2012, you need to include your worldwide income when determining your PIR. However, you may choose not to include your worldwide income for either or both of the income years if you reasonably expect your taxable income in either of your first two years as a resident will be significantly lower than your total income from all sources for the previous income year(s). In this case the PIE income will need to be included in your income tax return. It'll be taxed at your marginal tax rate which may be higher than the top resident PIR of 28%.

Transitional residents

If you're a transitional resident who invests in a zero-rate PIE, you qualify for the 0% PIR. If you've notified the 0% PIR correctly, the income isn't included in your tax return.

From 1 April 2012 if you're a transitional residents who doesn't invest in a zero-rate PIE you're required to include your worldwide income when determining your PIR. Income that is excluded for income tax purposes is included when determining your PIR.

Notified foreign investor

A notified foreign investor is a new class of investor. A non-resident who holds an investment in a foreign investment PIE may notify the PIE that they wish to be treated as a notified foreign investor. The investor must not be: resident in New Zealand, a controlled foreign company, a foreign investment fund with a New Zealand resident investor who has an income interest of 10% or more, or a non-resident trustee of a trust that isn't a foreign trust. If the investor doesn't notify the PIE it will continue to use the 28% PIR.

If you're a notified foreign investor who invests in a zero-rate PIE you'll have all your income from the PIE taxed at 0% as most of the income will be foreign-sourced income.

If you're a notified foreign investor in a variable-rate PIE you'll have set rates applied based on the type and source of the income. Also for dividend income attributed to you the rate will vary based on whether you live in a country with which we hold a double tax agreement.

You need to provide the foreign investment PIE with the following additional information:

- your date of birth, if applicable
- your home address in the country or territory where you reside for tax purposes
- the equivalent of your tax file (IRD) number in the country or territory where you reside for tax purposes, or a declaration if you're unable to provide this number.

A notified foreign investor can't choose a rate, the tax rate is set based on the type of PIE you invest in and whether you live in a country which we have a double tax agreement with. For more information on these rates see our *Information for non-residents who invest in PIEs (IR 858)* factsheet.