



**MIDLANDS**  
MORTGAGE TRUST

# Quarterly

JUNE 2018



## Further rate improvement for July

**5.30%\***

Midlands Mortgage Trust is pleased to report that our July rate for annualised quarterly returns has increased to

This is an increase of 0.15% on the last quarter. At a time when bank investment rates are stable (offering minimal to no increase), our positive lending environment has allowed us to increase our rate of return and we hope to see this positivity continuing for the foreseeable future.

## Welcome to new our Director – Dinah Kennedy



We're very pleased to introduce our newest board member Dinah Kennedy. Dinah is a Consultant at Bramwell Bate Lawyers in Hastings and has practised law for over 30 years. She is an accredited Family Dispute Provider so is able to give advice under the Family Legal Advice Service Scheme and has a strong background in the administration of Solicitors Nominee Company lending.

Born and raised in Australia, Dinah obtained Bachelors degrees in Arts and in Laws from the Australian National University in Canberra in the late 1970's. She emigrated to New Zealand in 1993 and completed a Master of Laws through the University of Waikato in 1997.

In her spare time Dinah likes to keep active - you will find her on the golf course, tramping in the beautiful New Zealand outdoors or chalking up lengths at her local pool. Wine is another passion, and with her husband, she is a part owner of the successful Cornerstone Vineyard and label which produces gold medal Bordeaux style wines from grapes grown on the Gimblett Gravels.

We welcome the expertise and knowledge that Dinah will bring to our Board, as well as being a member of our loans committee.

## Cost of building in NZ up 30% in 10 years

**The cost of building a house in the main centres has now risen by over 30% in the past 10 years, according to QV Costbuilder - an arm of state-owned enterprise Quotable Value (QV).**

The latest QV Costbuilder six-monthly report shows the average cost of building a new home in six of New Zealand's main centres rose on average by 3.4% in the year to April 2018 and has risen 30.7% since the previous peak of 2007.

Whilst this is a significant increase, QV Costbuilder spokesperson Greg Thompson said it was important to remember that the figures are averages. "The cost of building any home will always be dependent on the level of finishes, internal layout, and whether it has a single or double garage."

Not included in the QV Costbuilder figures are things such as the cost of land, demolition of existing structures, additional costs due to building code changes, increased structural requirements and external works, utilities such as getting power, water, gas, drainage, phone/data mains from public connection, as well as professional, council, and legal fees.

## PERFORMANCE SNAPSHOT

	1 Jul 2017	1 Oct 2017	1 Jan 2018	1 Apr 2018	1 Jul 2018
Quarterly distributions*	<b>4.75%</b>	<b>5.00%</b>	<b>5.00%</b>	<b>5.15%</b>	<b>5.30%</b>
Fund size	<b>\$35.70m</b>	<b>\$36.60m</b>	<b>\$40.20m</b>	<b>\$41.90m</b>	<b>\$44.02m</b> <small>(as at 21/6/18)</small>
Unit pricing	<b>92c</b>	<b>92c</b>	<b>92c</b>	<b>92c</b>	<b>92c</b>

\*Annualised returns paid quarterly. Past performance is no guarantee of future performance.

# Meet the team



Peter Harrison



Doug Bailey



Tony Brooker



Anne Hunter



Colleen Green



Chandar Dudding

## News & views

### Dear Investors

The Good News for investors in the Fund continues this quarter with another uplift in the rate of return. The fund has also continued to grow some \$2m this quarter and is now \$8.2m up on this time last year. The new investors in the fund now bring the numbers in the Midlands family to 461.

The rate of return at 5.3% is 1.8% ahead of the 12 month term deposit rate offered by the banks we monitor. In income terms our investors are 51.4% better off than at the bank!

We have had a good quarter for lending with demand for our loans remaining strong. Whilst indications are that in some of the main centres residential property prices are beginning to peak and flatten off, given our conservative approach to lending against registered valuations, this does not cause us anxiety and we are very happy with the state of the loans portfolio. Outside of the main centres both prices and demand for residential properties remains strong. Residential property as you will see from the Pie Graph opposite is the biggest sector in our loans portfolio.

This quarter we also welcome Dinah Kennedy to our Board. Graham Throp has taken long leave following retirement from his legal practice and Dinah was elected to assume his role whilst away. She is a Consultant at Bramwell Bate Lawyers and has a strong background in the administration of Solicitors Nominee Company lending so is well suited to her board role as well as being a member of our loans committee.

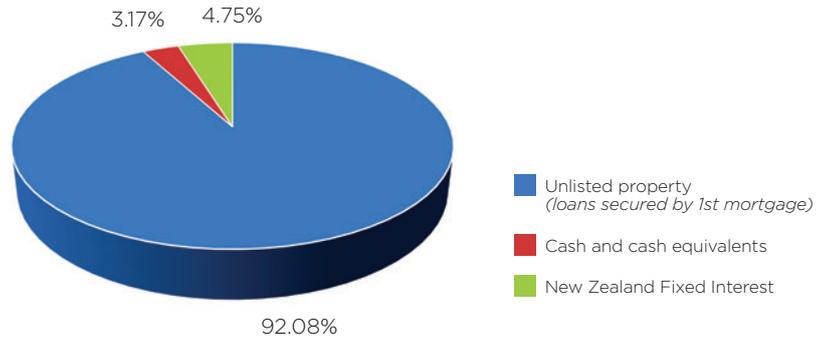
On the staffing front, we have farewelled Wendy Spencer who has had a long and valuable association with Midlands. Joining us are two new staff members, Colleen Green and Chandar Dudding whose brief introductions appear on the next page. Both have settled well in their roles and, in particular, many of you will get to know Colleen in her investor administration capacity.

It is intended that Investor meetings be held in Hawkes Bay, Central Hawkes Bay and Taranaki during the next quarter. Do look out for your invitation and bring a friend! I look forward to seeing you there.

Kind regards

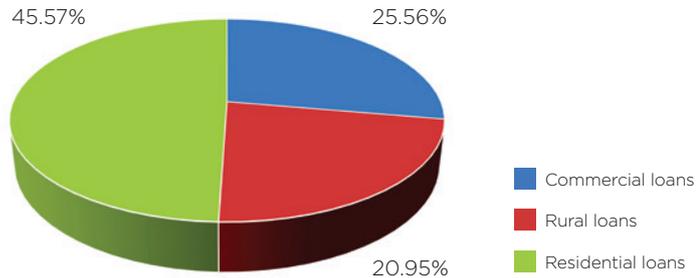
## Fund Asset Allocation

At 31 May 2018 the Fund's assets comprised:



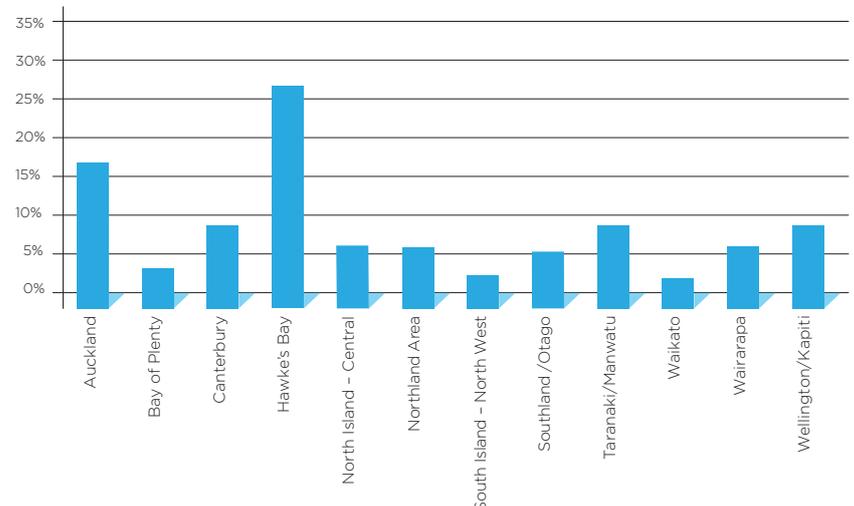
## Loans by Sector

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



And these assets are located throughout New Zealand in the following areas:

## Loans by Region as at 31 May 2018



Further information concerning Midlands Mortgage Trust (the Fund) including our Product Disclosure Statement and the issuer, Fund Managers Central Limited, can be found at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose) - search for Midlands Mortgage Trust as a scheme and/or an offer. The issuer is not a registered bank.

# Introducing our new staff members

## Colleen Green

Colleen joins us as investments administration officer. Colleen has had a varied career in administration management and started with us in early April. She is very approachable and can assist with all investor enquiry and has strong analytical and problem solving skills.

Colleen has her own home in Hastings and enjoys nurturing her lovely garden. She is passionate about the 'Hawkes Bay' lifestyle enjoying the local Farmers Markets in particular and the variety of cycle trails in the region.

## Chandar Dudding

Chandar joins us in the capacity of a loans and administration officer to help out with our growing loans portfolio and the increasing workload surrounding compliance. Chandar has previously had experience in the banking sector, a local law firm and administration of the family contracting business.

She and her partner are kept busy on their lifestyle block in Otane and in raising a growing family. She enjoys speedway and motorsports outside of work and is involved in breeding horses as well as competing in equestrian events.

# Identification Documents

Regulation of New Zealand's financial markets has gone a long way towards giving investors confidence in the sector. It also strengthens New Zealand's reputation as a fair and transparent place to do business.

The Anti-Money Laundering and Countering Financing of Terrorism Act 2009 was enacted to help combat money laundering and the financing of terrorism within New Zealand and off-shore. The Act requires businesses to put measures in place to detect and deter such illegal practices. A key measure is to confirm the identity of all customers.

At Midlands, we are required to collect photographic identification

of all customers showing their name and date of birth, evidence of their address and proof of their bank account. Currently, Colleen and Chandar are going through customer files ensuring they comply with AML/CFT and that records are up-to-date. If you are contacted asking for identity documents, please take copies of them to a Justice of the Peace, lawyer, accountant or police constable to have them certified, and send the certified copies to us. Alternatively, locals may call into the Hastings office, where we can copy and verify your documents. Please make sure identification documents have not expired and expiry dates are shown in your copies. We appreciate your help in keeping Midlands compliant with the Act.



## Slow-cooked lamb with winter vegetables

*There's nothing better than arriving home to the aroma of a beautiful slow-cooked meal.*

*This meal only requires 10 minutes prep and the cooker does the rest.*

### Ingredients

- 1.2 kg leg lamb, bone in
- 1 large carrot, cut lengthwise in thick pieces
- 1 large parsnip, roughly chopped into large pieces
- 2 onions, peeled and roughly chopped
- 2 cloves garlic, roughly chopped
- 2 x cans savoury flavoured, chopped tomatoes
- 2 sprigs rosemary

### Directions

1. Heat the slow cooker on low. Place prepared onions, carrot and parsnip into the base of the slow cooker.
2. Heat a dash of oil in a frying pan and brown the lamb over a high heat. Transfer to the slow cooker and place on top of the vegetables, fat side up. Make small incisions in the lamb and stud with garlic.
3. Pour over savoury tomatoes. Add rosemary. Cover. Cook on low for 8 - 10 hours until meat is tender.
4. Remove the cooked lamb from the slow cooker. Shred and place on a serving dish with the cooked vegetables around it. Serve with the tomato sauce. Season to taste.

Serve lamb over the vegetables, garnish with herbs and accompany with rice or creamy mash.

If necessary the sauce can be thickened with a little cornflour. Mix 1 - 2 tsp of cornflour with a little cold water to form a paste. Whisk into the hot tomato sauce to thicken.

# Email Addresses

Increasingly, the world interacts electronically. Midlands is transitioning to electronic communication whenever it is appropriate and preferred by customers.

If you would like to receive newsletters, statements and updates from us electronically, please send your email address to [colleen@mmt.net.nz](mailto:colleen@mmt.net.nz)

# Events calendar

## Hawke's Bay events



### The Colliers International Grape Debate

29 June

Come along and enjoy a night of great food, great wine and great entertainment at The Colliers Rural Grape Debate. All proceeds raised from this event go to The Lowe Corporation Rescue Helicopter. In its fourth year we have our first international! its Australia VS New Zealand and is going to be huge. We have six incredible winemakers battling it out

[planiteventorganisers.com](http://planiteventorganisers.com)



### Winter Deco 2018

13 - 15 July

Sophisticated and stylish, this is Art Deco Trust's boutique Winter Festival.

Get out your coats, hats and fur wraps and get cosy with the sophisticated and stylish, Winter Deco Weekend.

Whether it's glitzy soirees, vintage cocktail evenings, world-class jazz performances, dining experiences at our finest Art Deco restaurants, fabulous fashion, classic films, vintage car displays or taking in Napier's incredible Art Deco heritage, there is a lot to savour at Winter Deco Weekend.

Get dressed up and experience Napier's heritage and our Winter Art Deco festivities!

[www.artdeconapier.com](http://www.artdeconapier.com)



### Resene Architecture & Design Film Festival

29 June - 1 July

For the first time, the Resene Architecture & Design Film Festival is bringing 'Festival Selects' to Havelock North.

The five best films from this year's festival that showcase the very best in architecture and design from around the world will be coming to Event Cinemas.

[www.resene.co.nz/filmfestival.htm](http://www.resene.co.nz/filmfestival.htm)



### Hawkes Bay Home & Garden Show 2018

14 - 16 September

The Home & Garden Show is packed with all the ideas and information that you need to transform your surroundings and create the place you've always dreamed of. Check out the variety, the innovations and take advantage of the expert advice.

There will be massive show-only specials and exhibitors showcasing the hottest trends plus everyone who attends has the opportunity to enter the draw to win a fabulous show prize!

[www.eventbrite.co.nz](http://www.eventbrite.co.nz)

For more information on Hawke's Bay events visit [www.hawkesbaynz.com](http://www.hawkesbaynz.com)

## Taranaki events



### Les Misérables

26 July - 11 August

A quarter of a century since first being staged in New Zealand, New Plymouth Operatic present the premiere of the NZ Musical Theatre Consortium 25th Anniversary production of this legendary musical at the TSB Showplace.

[www.npos.co.nz](http://www.npos.co.nz)



### New Zealand International Film Festival

30 August - 16 September

The New Zealand International Film Festival is a celebration of film on the finest screens in New Zealand. The event is the cultural highlight of winter, making a great occasion out of movie-going, presenting the latest and best films from around the world.

[www.nziff.co.nz](http://www.nziff.co.nz)

### Permian Monsters: Life Before the Dinosaurs

Until 9 September

The Step back in time 290 million years to when bizarre-looking animals dominated life on land and sea, and find out about the greatest extinction the world has ever seen. This unique exhibition brings the past back to life with fossilised skeletons and full-size life models and animatronics.

[pukeariki.com](http://pukeariki.com)

For more information on Taranaki events visit [www.taranaki.info](http://www.taranaki.info)



### MIDLANDS MORTGAGE TRUST

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