

MIDLANDS

INCOME FUND

MIDLANDS INCOME FUND

REPLACEMENT PRODUCT DISCLOSURE STATEMENT

OFFER MADE BY MIDLANDS FUNDS MANAGEMENT LIMITED
OF INTERESTS IN THE MIDLANDS INCOME FUND

Dated: 21 July 2021. Replacing Product Disclosure Statement dated 16 June 2021.

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. Midlands Funds Management 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 Fund	Midlands Income Fund (the "Fund")	
Brief description of the Fund and its investment objective	The Fund holds cash deposits with registered banks and loans secured by first mortgages over land and buildings in New Zealand. The investment objective is to provide investors with returns better than New Zealand registered banks' 1 year term deposit rates.	
Risk indicator	← Potentially lower returns	Potentially higher returns →
	<div style="border: 1px solid black; display: inline-block; padding: 2px;">1</div> 2 3 4 5 6 7	
	← Lower risk	Higher risk →
See Section 4 (What are the risks of investing?) on page 5 of this document for an explanation of the risk indicator and for 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 https://www.sorted.org.nz/tools/investor-kickstarter		
Fees for the Fund		
Fund charges	Estimated to be 2.11% per annum of the Fund value plus GST (if any).	

Who manages the Fund?

Midlands Funds Management Limited is the manager of the Fund.

See Section 7 (Who is involved?) on page 8 of this document for more information about who is involved with the Fund.

What are the returns?

The Fund earns interest from loans made to borrowers and from bank deposits. Net interest earned by the Fund is distributed to investors either in cash or by the issue of additional units on a quarterly basis. See Section 2 (How does this investment work?) on page 3 for more information.

How can you get your money out?

Your investment is redeemable on written notice to the Manager. Generally withdrawals will be actioned within a week of the Manager receiving the redemption request. See Section 2 "Withdrawing your investments".

The Manager can suspend redemptions if financial, political or economic conditions (as more particularly described under the heading "Withdrawing your investments" on page 4) warrant this. With the agreement of Trustees Executors Limited ("Supervisor"), the Manager can determine to give effect to redemptions either by instalments over a period approved by the Supervisor or in total at the expiry of a period approved by the Supervisor. See Section 2 (How does this investment work?) on page 3 for further details.

Your investment in the Fund cannot be sold or transferred to anyone else.

How will your investment be taxed?

The Fund is not a portfolio investment entity. Further information about how your investment will be taxed may be found in Section 6 (What taxes will you pay?) on page 8 of this document.

Where can you find more key information?

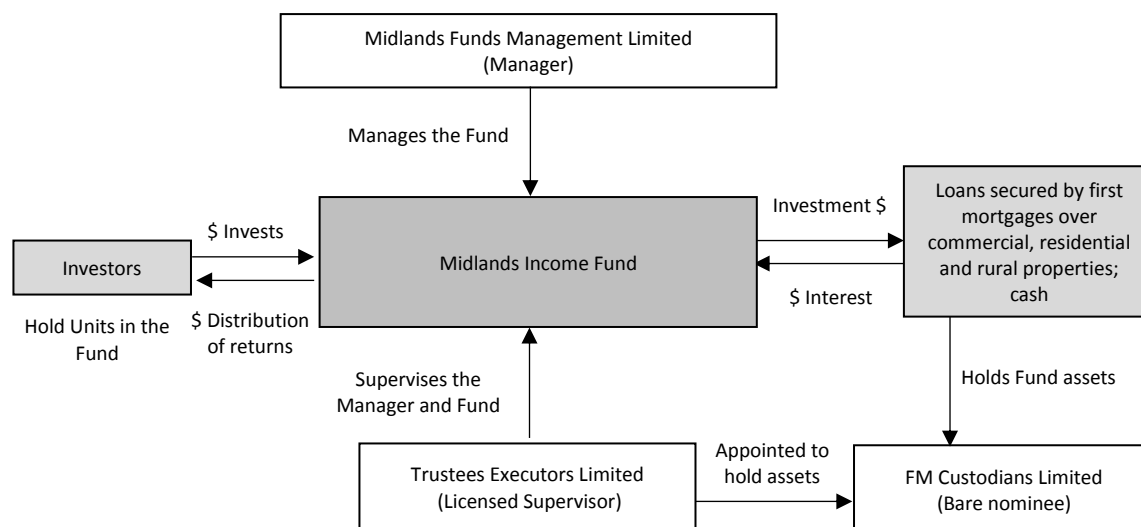
The Manager is required to publish quarterly updates for the Fund. The updates show the returns and the total fees actually charged to investors, during the previous year. The latest fund updates are available at www.companiesoffice.govt.nz/disclose: Offer number OFR11409 and on the Manager's website www.midlandsfundsmanagement.co.nz. 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 Fund

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



Investors will acquire and hold units in the Fund. 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 price is the Fund value divided by the number of units on issue (rounded down to two decimal places). The Fund value is, in summary, the aggregate of cash and the market value of non-cash assets, less the aggregate of undistributed Fund income, reserves and liabilities. Fund income may be used to replenish or increase reserves which may reduce distributions to investors.

The above valuation method may cause the unit price to alter. At the date of this document the unit price is 92 cents.

Because the Fund is a pooled investment vehicle, investors' risk is spread across cash and the whole mortgage portfolio. This gives investors a more diversified exposure to the property market than investing directly in a single property loan. Accordingly, if there is a poor return or loss of loan principal on any one mortgage loan, the impact is spread across the whole mortgage 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 Fund, when compared with an investment in a single loan.

Distributions

Net income distributions on units (being the net income earned on the Fund's investments after the payment of tax, fees, expenses and any retentions to reserves) are paid out to investors quarterly on, or within, 60 days of the distribution period to which it relates. At the date of this document distributions are paid on 31 March, 30 June, 30 September and 31 December or, if that is not a business day, on the previous business day.

Distributions of income are in cash 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 an investor's interest entitlement is less than \$25 then the Manager may allocate that income entitlement by the issue of additional units irrespective of whether the investor has elected to receive distributions in that manner.

Legal structure

The Fund is a trust established under the Trustee Companies Act 1967 by a trust deed dated 1 October 2004 between the Supervisor and the Manager, and is currently governed by an amended and restated trust deed dated 21 July 2021 ("Trust Deed").

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

Making investments

Investments in the Fund's units can be made by completing the application form that accompanies this document and submitting that form to the Manager.

Initial investments in the Fund must be in a minimum amount of \$10,000. Subsequent investments in the Fund, whether by standing monthly application or by a one-off lump sum application, must be made to the Manager for a minimum amount of \$1,000. The Manager may, at its discretion, accept lesser amounts.

The Manager reserves the right to reject any application (in whole or in part) without giving reasons.

Withdrawing your investments

To withdraw from the Fund an investor must complete a Withdrawal Notice (available from the Manager). 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 withdrawal amount in respect of the units referred to in the Withdrawal Notice.

In practice, withdrawals are normally actioned within one week of receipt, so it is usual, but not assured, that withdrawals will be actioned within 5 business days of receipt of the withdrawal request.

A Withdrawal Notice:

- may not be given for fewer than 100 units (or the whole amount of an investor's investment, if fewer than 500 units); and
- may not be given if it would cause an investor to hold fewer 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 Fund, units specified in a Withdrawal Notice cannot be redeemed, then the Manager may suspend withdrawals.

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 to more in total than 5% of the number of units on issue and the Manager and the Supervisor both agree that 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 a transmission of units in the Fund 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 Fund are not transferable without the written consent of the Manager and then subject to such terms and conditions as the Manager may in its discretion impose.

3. DESCRIPTION OF YOUR INVESTMENT OPTION

Name of Fund	Midlands Income Fund
Summary of Investment Objective and Investment Strategy	<p>The investment objective is to provide investors with an income return at a level which is better than New Zealand registered banks' 1-year term deposit rates. However, the Manager typically targets (but does not assure) a return of 2.5% to 3% above 1-year term deposit rates, while also seeking to maintain the credit quality of loans in the portfolio, and subject to market conditions.</p> <p>The Fund has agreed the following target investment mix with the Supervisor:</p> <ol style="list-style-type: none">1. Cash held at one or more registered banks – 5% to 25% of the Fund value;2. Residential first mortgage lending – 10% to 75% of the Fund value;3. Commercial first mortgage lending – 15% to 75% of the Fund value; and4. Rural first mortgage lending – no minimum and a maximum of 50% of the Fund value. <p>(see also investment policies below)</p>
Risk Category	<p>The Fund has a risk category 1.</p> <p>See Section 1 (Key Information Summary) on page 1 of this document for the Fund's risk indicator and Section 4 (What are the risks of investing?) on page 5 of this document for information to assist with understanding the risk indicator.</p>
Minimum suggested timeframe for holding the investment	<p>2 years. This is because mortgage lending terms are generally 18 months to 3 years, so this time frame generally aligns with the Funds' underlying investments.</p>

<p>Investment Policies</p>	<p>The Fund invests in loans secured by first mortgages over land and buildings in New Zealand, within defined lending ratios. The Fund also invests in deposits with registered banks.</p> <p>The policy of the Manager in relation to the mortgage lending is to establish and maintain a broad range of mortgage investments. The Manager aims to maintain a mortgage portfolio with a mix of mortgage types, interest rates, maturity dates and physical locations of the mortgaged properties. The target investment mix (by secured property type) is set out above.</p> <p>The mortgage loan portfolio is geographically spread. Please refer to the latest fund update for more details of the geographical spread. The loans are generally made at a floating interest rate.</p> <p>The policy of the Manager in relation to investing in deposits with New Zealand registered banks is to have a mixture of on call deposits and term deposits (with maturities of up to 6 months).</p> <p>The Fund has lending limits, based on the amount of the loan when compared with the value of the mortgage security property ("LVR") at the time of loan approval, as follows:</p> <table border="1" data-bbox="472 719 1378 1122"> <thead> <tr> <th>RESIDENTIAL MORTGAGES</th> <th>COMMERCIAL MORTGAGES</th> <th>RURAL MORTGAGES</th> </tr> </thead> <tbody> <tr> <td>Fee simple and cross lease land and buildings: up to 75% LVR</td> <td>Fee simple and cross lease land and buildings: up to 66.7% LVR</td> <td>Fee simple and cross lease: up to 60% LVR Property used for dairy farming (fee simple and cross lease): up to 66.67% LVR provided collateral security is obtained over co-operative shares.</td> </tr> <tr> <td>Leasehold: up to 50% LVR</td> <td>Leasehold: up to 50% LVR</td> <td>Leasehold: up to 50% LVR</td> </tr> <tr> <td>Vacant land: up to 50% LVR</td> <td>Vacant land: up to 50% LVR</td> <td>Vacant land: up to 50% LVR</td> </tr> </tbody> </table>	RESIDENTIAL MORTGAGES	COMMERCIAL MORTGAGES	RURAL MORTGAGES	Fee simple and cross lease land and buildings: up to 75% LVR	Fee simple and cross lease land and buildings: up to 66.7% LVR	Fee simple and cross lease: up to 60% LVR Property used for dairy farming (fee simple and cross lease): up to 66.67% LVR provided collateral security is obtained over co-operative shares.	Leasehold: up to 50% LVR	Leasehold: up to 50% LVR	Leasehold: up to 50% LVR	Vacant land: up to 50% LVR	Vacant land: up to 50% LVR	Vacant land: up to 50% LVR
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Vacant land: up to 50% LVR	Vacant land: up to 50% LVR	Vacant land: up to 50% LVR											
<p>Changes to investment policy</p>	<p>The Fund's statement of investment policies and objectives ("SIPO") may only be amended by agreement between the Manager and the Supervisor. Any material changes to the SIPO will be notified to investors by the Manager and details will be available at www.companiesoffice.govt.nz/disclose: Scheme number SCH11085.</p>												

Further information about the assets in the Fund can be found in the fund updates at www.companiesoffice.govt.nz/disclose: Offer number OFR11409.

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 1 of this document for the filled in risk indicator for the Fund.

←	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 fund's assets goes 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 <https://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 under the heading 'Other specific risks') that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the 5 year period ending 30 June 2021. 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 Fund.

General investment risks

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

Credit risk

A borrower may default by not paying interest instalments when due or by failing to pay the loan balance at the end of the loan term.

Borrower default has the following potential consequences:

- Negative cash flow impact (meaning distributions to investors may be less or there may be no returns to distribute);
- 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. Additional costs are also likely to be incurred in a mortgagee sale process.

However as the Fund lends only on first mortgage securities, it will rank first in returns from any mortgagee sale.

Property sector risks

The Fund secures loans against residential, commercial and rural properties. Each of those property sectors has its own risks. A downturn in one or more of these sectors may have an adverse effect on the financial performance of the Fund.

Where a loan is secured against a tenanted commercial property, an economic downturn could mean the tenants in that security property are unable to meet rental payments, consequently reducing the borrower's income (available to meet interest on borrowing from the Fund) and so increasing the chance of borrower default. The economic environment can also affect the demand for tenancies and the loss of a tenant can reduce the value of the property if it is then sold. Rural lending will be impacted by rural commodity prices. Where rural commodity prices fall, the income earned by a borrower operating in the rural sector will likewise fall and borrower default is more likely. The converse is true where rural commodity prices increase. Residential lending will be impacted upon by general economic conditions and other factors influencing supply and demand such as migration, local employment and property zoning.

In addition, a fall in property values may mean that security margins are lessened and the loan could exceed the value of the property.

Concentration risk/Geographic risk

Major shareholders of the Manager are associated with three law firms in Hawera, Waipukurau and Hastings and have referred a significant number of investors to the Fund. Although these law firms have clients based more widely, most of these investors are geographically concentrated in these areas. Conditions peculiar to one of those regions or firms or the withdrawal of one of those firms from participation in the Manager could lead to significant redemption requests. Despite the Manager's ability to suspend redemptions for up to 90 days, such a run of withdrawal requests could have significant adverse financial effects on an investor's investment.

The mortgage loan portfolio is geographically spread throughout New Zealand, with loan concentrations in Auckland, Hawkes Bay and Wellington regions. Any significant downturn in those property markets (causing an erosion of loan security margins) could have an adverse effect on the Fund.

Development lending risk

The Fund may, on occasion, lend for property development. The Fund's lending criteria generally includes requiring that construction costs are locked in with a fixed price building contract, that the building contractor is reputable and satisfactory to the Fund, and that the borrower has sufficient experience and sources of funding to complete the development. Failure to complete a development can mean that the incomplete development fails on sale to achieve the amount of loan funding advanced on it.

Land value risk

There are risks associated with lending on the security of a property with a high unimproved land value. The Fund may also, on occasion, lend on the security of entirely bare or undeveloped land. The unimproved land value component is exposed to risks associated with changes of zoning that could adversely affect value. In addition, in the case of natural disasters involving damage to land, there may be no adequate compensation or available insurance for the loss of the unimproved land value. This risk is mitigated by placing limits on the bare land lending conducted in the Fund.

Interest rate risk

The market demand for loans secured by first mortgage maybe affected by general movements in interest rates throughout the finance industry in New Zealand, which can be influenced by economic conditions and inflation. If interest

rates decrease, returns from the Fund may likewise decrease. Conversely, if interest rates increase, returns from the Fund may increase.

Other specific risks

Liquidity

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

The ability of the Fund to redeem units is dependent on the amount of cash and other liquid assets held by the Fund. The Fund 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 Fund'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. As an example, the Manager suspended withdrawals from the Fund between December 2011 and March 2013 as a result of the Global Financial Crisis, which adversely affected the Fund.

The Manager has agreed with the Supervisor to maintain at least 5% of the Fund value in cash deposits and other liquid assets. The Manager has however targeted liquidity of 7.5% of the Fund value. This provides a buffer to help mitigate liquidity risk but a further suspension of withdrawals could still occur if a market event similar to the 2007 Global Financial Crisis occurred.

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

Other than the risks referred to under the heading "General investment risks" (and which are reflected in the risk indicator) and the potential liquidity risk referred to above the Manager is not aware of any specific factors that exist or are likely to arise that significantly increase the risk of returns to investors.

5. WHAT ARE THE FEES?

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

- regular charges (for example annual fund charges). Small differences in these fees can have a big impact on your investment over the long term;
- one off fees (for example early withdrawal fees).

Total Annual Fund Charge (TAFC)	Estimated to be 2.11% per annum of the Fund value plus GST (if any). This is calculated by aggregating the Manager's fees, the Supervisor's fees and estimated administration charges.
The Total Annual Fund Charge is comprised of the following fees:	
Manager's basic fee	1.75% per annum of the Fund value plus GST (if any).
Supervisor's fee	0.15% per annum of the Fund value up to \$50 million, 0.10% per annum of the Fund value up to \$100 million and thereafter 0.08% of the Fund value (but with a minimum fee of \$50,000) plus GST (if any) is payable to the Supervisor, as a Supervisor's fee.
Other management and administration charges	Estimated to be 0.21% per annum plus GST (if any), based on historic rates. The Manager and the Supervisor have agreed that the Manager is entitled to a fee of 50% of the default interest collected from borrowers in default. For the avoidance of doubt, if default interest is not collected from the borrower, no fee is paid to the Manager. The exact amount of this fee is unknown, so the Manager's best estimate has been used. Administration charges are also payable by the Fund. The exact amount of administration charges is unknown in advance.

The Manager's basic fee is calculated daily and paid monthly in arrears out of the Fund's assets. The Manager's basic fee is included in the TAFC and is the remuneration to which the Manager is entitled for the provision of management services to the Fund.

The Supervisor's fee is calculated daily and paid monthly in arrears out of the Fund's assets. The Supervisor's fee is included in the T AFC and is the remuneration to which the Supervisor is entitled for the provision of trustee and supervisory services to the Fund.

Default interest fees are charged monthly. They contribute to the Manager's costs of managing loans that are in arrears.

Administration charges include audit, bank charges, cost of communication to investors, legal and professional fees and includes fees paid to the Supervisor for loan settlement transactions and execution of documents. These are charged to the Fund as they are incurred.

There is no performance fee in relation to the Fund.

Example of how fees apply to an investor

Tom invests \$10,000 in the Fund. The starting value of his investment is \$10,000. He is charged management and administration fees which work out to about \$211 (2.11% of \$10,000). These fees might be more or less if his account balance has increased or decreased over the year. Over the next year, Tom pays no other charges.

Estimated total fees for the first year

- Individual action fees: Nil
- Fund Charges: \$211 (estimated).
- Other Charges: Nil

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

This example only applies to the Fund. If you are considering investing in other funds this example may not be representative of the actual fees you may be charged.

The fees can be changed

The Manager's fee and the Supervisor's fee may change by agreement between the Supervisor and the Manager.

The Manager must publish a fund update for the Fund showing the fees actually charged during the most recent year. Fund updates, including past fund updates, are available at www.companiesoffice.govt.nz/disclose: Offer number OFR11409.

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 Fund is a designated group investment fund under the Trustee Companies Act 1967. For New Zealand tax purposes the Fund is treated as a trust and taxed accordingly under the Income Tax Act 2007. For tax purposes, income distributed to investors is classified as beneficiary income and should be included in any taxable income declared by an investor.

Individual investors can, as at the date of this document, elect to have resident withholding tax (RWT) deducted from interest distributed by the Fund at a rate of 10.5%, 17.5%, 30%, 33% or 39% if an IRD number is supplied. The same rates will apply for trust investors, however, the 10.5% rate can only be applied to testamentary trusts. Where no IRD number is supplied RWT is deducted at the non-declaration rate of 45%.

Companies investing in the Fund can elect to have RWT deducted from interest distributions from the Fund at a rate of 28%, 33%, or 39% if an IRD number is supplied. Where no IRD number is supplied RWT is deducted at the non-declaration rate of 45%.

Investors who notify us of their withholding tax exemption will receive interest distributions from the Fund with no tax deducted. Non-residents will have non-resident withholding tax deducted from any interest distributions from the Fund at the rate applicable to their country of residence.

7. WHO IS INVOLVED?

About the Manager

The manager of the Fund is Midlands Funds Management Limited which has its contact address at 1/111 Karamu Road North, PO Box 609, Hastings 4156 and whose contact numbers are:

Telephone: 06 870 3260
Facsimile: 06 870 3261
Email: admin@mmt.net.nz

The business of the Manager is to act as manager of the Fund and other managed investment schemes.

The Manager has built up an expertise in the lending market and has the experience to enable it to approve mortgage loan advances to be made available across a range of residential, commercial and rural properties and a wide range of business activities.

Who else is involved?

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

8. HOW TO COMPLAIN

Complaints about the Fund can be made to:

The Manager: Midlands Funds Management Limited

1/111 Karamu Road North Telephone: 06 870 3260
PO Box 609 Email: admin@mmt.net.nz
Hastings 4156 Freephone: 0800 870 326

Attention: Chief Executive Officer

The Supervisor: Trustees Executors Limited

Level 9 Telephone: 04 495 0995
45 Willis Street Email: cts@trustees.co.nz
PO Box 10519 Freephone: 0800 878 783
Wellington 6143

Attention: Client Services Manager, Corporate Trustee Services

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 the Supervisor or if you are dissatisfied with the proposed resolution then you can refer it to FSCL at:

Level 4 Freephone: 0800 347 257
101 Lambton Quay Wellington 04 472 FSCL (472 3725)
PO Box 5967 Email: compliants@fscl.org.nz
Wellington 6145

FSCL will not charge a fee to any complainant to investigate or resolve a 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

Further information relating to the Fund and the units is available on the offer register and the scheme register (for example, financial statements).

A copy of information on the offer register or scheme register is available on request to the Registrar.

The internet site address for the offer register is www.companiesoffice.govt.nz/disclose: Offer number OFR11409.

You may request, at any time, copies of the Trust Deed, SIPO, the most recent financial statements, the most recent annual report for the Fund, and fund updates by contacting the Manager at:

Midlands Funds Management Limited

1/111 Karamu Road North

PO Box 609

Hastings 4156

Telephone: 06 870 3260

Facsimile: 06 870 3261

Email: admin@mmt.net.nz

Copies of the above documents will be provided free of charge. These documents are also available for public inspection at the offices of the Manager at 1/111 Karamu Road North, Hastings and on the offer register.

10. HOW TO APPLY

To apply for units in the Fund you must complete the application form distributed with this document and send the completed application form with other required identity documents and your payment to:

Midlands Funds Management Limited

PO Box 609

Hastings 4156

Alternatively, you can leave the application form, identity documents and your payment with your broker or financial adviser, who will send them to the Manager.

The Manager also accepts faxed or emailed applications sent to:

Facsimile: 06 870 3261

Email: admin@mmt.net.nz



1. INVESTOR INFORMATION

Investor 1 (principal account holder)	Investor 2 (if applicable)
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth: / /	Date of birth: / /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number: ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■	IRD Number: ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■ ■

Signatory requirements

One investor to sign
 Both investors required to sign (if applicable)*
**If this option is selected Midlands will not action any requests without all required signatures.*

2. YOUR INVESTMENT

Amount you are investing (minimum \$10,000)*:

Regular Instalment (minimum \$1,000* monthly)

\$

I/We wish to make regular savings contributions of:

on a fortnightly / monthly (circle one) basis, I understand that an automatic payment authority will be sent to me/us on receipt of my/our signed application form.

\$

* The Manager may, at its discretion, accept lesser amounts.

Source of funds/wealth*

Please tell us the original source of the funds you are investing with us. You might need to supply proof of the source as sale & purchase agreement, payslips, legal documentation.

- Inheritance/windfall Property sale Asset/Business sale Personal Income Accumulated Savings
 Superannuation

Please provide details about the source of funds. For example, sale of property at 55 Greys Road for \$800,000 on 21/06/2019.

Primary purpose for the investment*

Please tell us the primary reason you are investing these funds with us.

- Retirement Income Investment Other (please specify) _____

How do you intend to transact on this account?

Deposits (please select at least one)

- Regular
 Now and then
 Lump sum (one off)

Withdrawals (please select at least one)

- Regular
 Now and then
 Lump sum (one off)

*Please note this information is requested solely in relation to our anti-money laundering obligations and is not used to assess the suitability of your investment, or to provide financial advice.

3. TAX INFORMATION

The taxpayer for joint investors is the investor with the highest withholding tax rate

NZ Tax Residency

Are you a tax resident of New Zealand? Yes No

Foreign Tax Residency

Are you a US citizen or US tax resident? Yes No

Are you a tax resident in any other country (other than US or NZ)? Yes No

If you answered 'Yes' to either of the above questions please list all countries below and provide the Tax Identification Number ('TIN') for each country.

If you are a US citizen or US tax resident your TIN will typically be your Social Security Number.

Country of Tax Residence	TIN (or reason why TIN was unable to be obtained)

Taxpayer's withholding tax rate: *If no IRD number is provided in the 'Investor Information' section, 45% will apply.*

- 10.5% 17.5% 30% 33% 39% Exempt

4. DISTRIBUTION AND WITHDRAWAL INSTRUCTIONS (PLEASE TICK AS APPROPRIATE)

Distribute returns

Reinvest returns in additional units

Please complete your bank account details for payments of returns or withdrawals.

(Payments of returns can only be made to the nominated bank account as detailed below or to your solicitor's trust account).

Bank account number: _____

Name of account: _____

(Please attach bank deposit slip, certified copy of bank statement or bank details stamped by bank teller).

5. CONFIRMING YOUR IDENTITY AND ADDRESS

To comply with anti-money laundering laws, we need to verify your identity and your address. Please refer to page 21 for your identification and address verification requirements. Document copies must be certified by a "trusted referee". The description of who is a trusted referee is also attached.

6. YOUR ACKNOWLEDGEMENTS AND AGREEMENTS

Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT)

You must not knowingly do anything to put Midlands Funds Management Limited (the "Manager" or "us") in breach of the AML/CFT. You agree to provide all additional information and assistance requested by us and comply with all reasonable requests from us to facilitate our compliance with the AML/CFT.

You represent and warrant that you are not aware and have no reason to suspect that:

- the money used to fund any investment by you is derived from or related to any criminal or other illegal activities, money laundering, terrorism financing or similar activities (Illegal Activities); or
- the proceeds of any investment will fund any Illegal Activities.

You agree that the Manager is not liable for any losses incurred as a result of any action we take or omit to take and which either delays your investment or results in an application being declined, when these actions or omissions are necessary for us to comply with our obligations under the AML/CFT.

Privacy Act 2020

This statement relates to personal information that you are providing to us by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by us (and our related entities) for the purposes of enabling us to arrange and manage your investment, to contact you in relation to your investment and to market other products to you.

You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law and to meet our legal or regulatory obligations. We will provide you (on request) with the name and address of any entity to which information has been disclosed.

You have the right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. You agree that your name and address may be used by us to provide you with newsletters and other information about the Manager and other products and services offered by the Manager.

Power of Attorney

If you are signing for the investor under a power of attorney ensure you have also attached:

- a certified copy of the power of attorney and completed the certificate of non-revocation; and
- identification of the attorney as described above.

Email Use

You consent to receiving financial statements, and other documents which we are required to send to you, electronically at the email address on this form, or another email address advised to us.

Authority

Unless we hold written authority from all parties authorising a specific person(s) to act on behalf of the investor, we shall require all parties to sign this application and any subsequent withdrawal/variation requests.

Disclosures

Are you or are you immediately related to: a senior member of NZ or foreign government, the judiciary, the military or an ambassador?

Yes No

7. DECLARATION

I have read and retained a copy of the attached Product Disclosure Statement dated 21 July 2021 for the Midlands Income Fund. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that the value of my investment is liable to fluctuations and may rise and fall from time to time. I agree to be bound by the trust deed for the Midlands Income Fund.

I appoint Trustees Executors Limited as my agent for the purposes of making this investment and any subsequent investment.

I understand that neither the Manager, Trustees Executors Limited nor any other person guarantees the performance of the Midlands Income Fund or the repayment of capital or any particular rate of return from the Midlands Income Fund.

Signature of Investor 1 (principal account holder):

Date ____ / ____ / ____

Signature of Investor 2 (principal account holder):

Date ____ / ____ / ____

8. SUBMITTING THIS APPLICATION FORM AND MAKING PAYMENTS

The completed application form together with certified proof of identity may be scanned and emailed to:
admin@mmt.net.nz.

The original application form and identity documents must be sent to:

**Midlands Funds Management Limited
1/111 Karamu Road
Hastings 4122**

**PO Box 609
Hastings 4156**

On receipt of documents we will contact you and advise you of our bank account details, for payment of your investment sum.

CERTIFICATE OF NON-REVOCAION OF POWER OF ATTORNEY (Complete only if this application is being signed by attorney)

I, _____

of (address and occupation of attorney) _____

HEREBY CERTIFY THAT:

1. By power of attorney dated the _____ day of _____

(Name and occupation of person for whom attorney is signing)

("donor") appointed me his/her/its attorney on the terms and conditions set out in that power of attorney.

2. I have executed the application for units printed on the face of this form as attorney under that power of attorney and pursuant to the power thereby conferred upon me.

3. At the date of this certificate I have not received any notice or information of the revocation of that power of attorney by the death (or winding up) of the donor or otherwise.

Signed at _____ Date ____ / ____ / ____

Signature of attorney _____



MIDLANDS
INCOME FUND
MIDLANDS INCOME FUND

APPLICATION FORM

Companies, Trusts, Incorporated Societies,
Partnerships and Estates

1. INVESTOR INFORMATION

Company, Trust, Incorporated Society, Partnership or Estate name:

If a Trust, please advise Trust type:

Discretionary Trust Charitable Trust Non-Discretionary Trust

Company or Incorporated Society registration number:

Registered address:

Postal address

*(if different from
registered address):*

Contact phone/s:

Email:

2. TAX INFORMATION

IRD Number:

Is the investor a New Zealand resident for tax purposes? *If No, state the taxpayer's country of residence for tax purposes.*

Yes No

Is the entity a foreign tax resident? Yes No

If 'Yes' please list all countries other than New Zealand, in which the entity is a tax resident and provide the Tax Identification Number ('TIN') for each country.

Country of Tax Residence	TIN (or reason why TIN was unable to be obtained)

Withholding tax rate:

If the applicant is not a company or withholding tax rate is not selected, or no IRD number is provided, 45% will apply.

10.5% 17.5% 28% 30% 33% 39% Exempt

3. INVESTMENT DETAILS

Amount you are investing (minimum \$10,000)*:

Regular Instalment (minimum \$1,000* monthly)

\$

We wish to make regular savings contributions of:

on a fortnightly / monthly (circle one) basis, we understand that an automatic payment authority will be sent on receipt of the signed application form.

\$

* The Manager may, at its discretion, accept lesser amounts.

Source of funds/wealth*

Please tell us the original source of the funds you are investing with us.

You will need to supply certified proof of the source of funds such as sale & purchase agreement, payslips, legal documentation.

Inheritance/windfall Property sale Asset/Business sale Personal Income Accumulated Savings

Superannuation

Please provide the further details about the source of funds. For example, sale of property at 55 Greys Road for \$800,000 on 21/06/2019.

Primary purpose for the investment*

Please tell us the primary reason you are investing these funds with us.

Retirement Income Investment Other (please specify) _____

How do you intend to transact on this account?

Deposits (please select at least one)

Regular

Now and then

Lump sum (one off)

Withdrawals (please select at least one)

Regular

Now and then

Lump sum (one off)

*Please note this information is requested solely in relation to our anti-money laundering obligations and is not used to assess the suitability of your investment, or to provide financial advice.

4. CONFIRMING THE IDENTITY AND ADDRESS OF RELEVANT PERSONS

To comply with anti-money laundering rules we need to verify the identity of various people associated with the investor. In the case of companies, we must verify the identity of people owning more than 25% of the shares and people acting on behalf of the company (usually the directors). In the case of partnerships, we must verify the identity of the partners and anyone authorised to act on behalf of the partnership. In the case of trusts, we must identify persons acting on behalf of the trust (usually the trustees) and also any settled beneficiaries. In the case of incorporated societies we must verify the identity of directors or governing officers. **Each of these people described above is a "Relevant Person"**. If a trust has a range of beneficiaries it is necessary to describe that range (for example "relatives of the settlor").

Each Relevant Person must complete the information below and provide certified copies of documents to fulfil the requirements of either Identification Option 1 or Identification Option 2 or Identification Option 3 and in each case the Address Verification Requirement. **Please refer to page 21 for these requirements. Please note, certification of documents must be by a "trusted referee"**. See the description of who is a trusted referee also attached.

Signatory requirements

Any relevant person to sign

Other (please specify)*:

All relevant persons' required to sign*

**If this option is selected Midlands will not action any requests without all required signatures.*

If necessary, please attach additional copies of this page to describe all Relevant Persons

RELEVANT PERSON 1	RELEVANT PERSON 2
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth: / /	Date of birth: / /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	IRD Number: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Relationship to Investor:	Relationship to Investor:

RELEVANT PERSON 3	RELEVANT PERSON 4
Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)	Title: <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Miss <input type="checkbox"/> _____ (other)
First name(s):	First name(s):
Surname:	Surname:
Occupation:	Occupation:
Date of birth: / /	Date of birth: / /
Home address:	Home address:
Postcode:	Postcode:
Postal address (if different from your home address):	Postal address (if different from your home address):
Postcode:	Postcode:
Home phone:	Home phone:
Mobile phone:	Mobile phone:
Email:	Email:
Country of birth:	Country of birth:
Citizenship:	Citizenship:
IRD Number: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>	IRD Number: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Relationship to Investor:	Relationship to Investor:

5. DISTRIBUTION AND WITHDRAWAL INSTRUCTIONS (PLEASE TICK AS APPROPRIATE)

Distribute returns

Reinvest returns in additional units

Please complete your bank account details for payments of returns or withdrawals.

(Payments of returns can only be made to the nominated bank account as detailed below or to your solicitor's trust account).

Bank account number: _____

Name of account: _____

(Please attach bank deposit slip, certified copy of bank statement or bank details stamped by bank teller).

6. TRUST ONLY

Please provide a certified copy of the trust deed including any amendments and trustee appointment documentation.

For a trust, please provide a description of the range of beneficiaries.

For a non-discretionary trust with 10 or fewer beneficiaries, please provide the full name and date of birth of all beneficiaries.

7. ESTATES ONLY

Please provide a certified copy of the last will and/or a copy of Probate.

8. PARTNERSHIPS ONLY

Please provide a certified copy of the partnership agreement.

9. COMPANIES ONLY

Please provide a certified copy of the certificate of incorporation and company extract from the Companies Office files.

Does the company have any nominee directors or shareholders? A nominee is someone who is required to carry out, or accustomed to carrying out, their role in accordance with the directions or instructions of another person. If so, please provide the following details:

Name of nominee	Director or shareholder?	Full name of the person the nominee represents

(Where the investor has nominee directors and/or shareholders, the Manager may request additional information to ensure compliance with the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.)

10. INCORPORATED SOCIETIES ONLY

Please provide a certified copy of the certificate of incorporation.

11. YOUR ACKNOWLEDGEMENTS AND AGREEMENTS

Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT)

You must not knowingly do anything to put Midlands Funds Management Limited (the “Manager” or “us”) in breach of the AML/CFT. You agree to provide all additional information and assistance requested by us and comply with all reasonable requests from us to facilitate our compliance with the AML/CFT.

You represent and warrant that you are not aware and have no reason to suspect that:

- the money used to fund any investment by you is derived from or related to any criminal or other illegal activities, money laundering, terrorism financing or similar activities (Illegal Activities); or
- the proceeds of any investment will fund any Illegal Activities.

You agree that the Manager is not liable for any losses incurred as a result of any action we take or omit to take and which either delays your investment or results in an application being declined, when these actions or omissions are necessary for us to comply with our obligations under the AML/CFT.

Privacy Act 2020

This statement relates to personal information that you are providing to us by way of this application and any subsequent personal information which you may provide in the future. The personal information you have supplied may be used by us (and our related entities) for the purposes of enabling us to arrange and manage your investment, to contact you in relation to your investment and to market other products and services to you.

You authorise us to disclose your personal information to any third parties as needed to perform services on your behalf; to regulatory bodies or law enforcement agencies as required by law and to meet our legal or regulatory obligations. We will provide you (on request) with the name and address of any entity to which information has been disclosed.

You have the right to access all personal information held about you by us. If any of the information is incorrect, you have the right to have it corrected. You acknowledge that you are authorised to provide this personal information. You agree that your name and address may be used by us to provide you with newsletters and other information about the Manager and other products and services offered by the Manager.

Email Use

You consent to receiving financial statements, and other documents which we are required to send to you, electronically at the email address on this form, or another email address advised to us.

Authority

Unless we hold written authority from all parties authorising a specific person(s) to act on behalf of the investor, we shall require all parties to sign this application and any subsequent withdrawal/variation requests.

Disclosures

Are you or are you immediately related to: a senior member of NZ or foreign government, the judiciary, the military or an ambassador?

Yes No

12. DECLARATION

I have read and retained a copy of the attached Product Disclosure Statement dated 21 July 2021 for the Midlands Income Fund. I agree to the terms outlined above in relation to the Privacy Act, the supply of personal information, email use and the AML/CFT. I understand that the value of my investment is liable to fluctuations and may rise and fall from time to time. I agree to be bound by the trust deed for the Midlands Income Fund.

In addition, by signing this Application Form, companies, trusts and partnerships certify that:

- the trust/partnership/company has been duly established and is validly existing under the laws of New Zealand;
- the trust/partnership/company has not been terminated or liquidated and no event requiring the vesting of the trust's/partnership's/company's assets has occurred;
- the Relevant Persons are as shown on this application form; and
- this proposed investment will not cause any limitation on the powers of the trustees/partners/directors to be exceeded.

I appoint Trustees Executors Limited as my agent for the purposes of making this investment and any subsequent investment.

I understand that neither the Manager, Trustees Executors Limited nor any other person guarantees the performance of the Midlands Income Fund or the repayment of capital or any particular rate of return from the Midlands Income Fund.

Signed for Investor (attach additional pages if more signatures are required):

_____ Signature	_____ Signature
_____ Full Name	_____ Full Name
_____ Date	_____ Date
_____ Signature	_____ Signature
_____ Full Name	_____ Full Name
_____ Date	_____ Date

13. SUBMITTING THIS APPLICATION FORM AND MAKING PAYMENTS

The completed application form together with certified proof of identity may be scanned and emailed to: admin@mmt.net.nz.

The original application form and identity documents must be sent to:

Midlands Funds Management Limited
1/111 Karamu Road
Hastings 4122
PO Box 609
Hastings 4156

On receipt of documents we will contact you and advise you of our bank account details, for payment of your investment sum.

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY
(Complete only if this application is being signed by attorney)

I, _____
of *(address and occupation of attorney)* _____

HEREBY CERTIFY THAT:

4. By power of attorney dated the _____ day of _____

(Name and occupation of person for whom attorney is signing)

("donor") appointed me his/her/its attorney on the terms and conditions set out in that power of attorney.

5. I have executed the application for units printed on the face of this form as attorney under that power of attorney and pursuant to the power thereby conferred upon me.

6. At the date of this certificate I have not received any notice or information of the revocation of that power of attorney by the death (or winding up) of the donor or otherwise.

Signed at _____ Date ____ / ____ / ____

Signature of attorney _____

IDENTIFICATION SCHEDULE TO VERIFY YOUR IDENTITY AND ADDRESS

To comply with anti-money laundering laws, we need to verify your identity and your address. **Please refer to the schedule below for your identification and address verification requirements. Document copies must be certified by a “trusted referee”.** The description of who is a trusted referee is also below:

Please tick to identify the certified documents you will provide to fulfil the requirements of either Identification Option 1 or Identification Option 2 or Identification Option 3 and in each case the Address Verification Requirement.

<input type="checkbox"/> Identification Option 1	<input type="checkbox"/> Identification Option 2	<input type="checkbox"/> Identification Option 3
One of: <ul style="list-style-type: none"> • NZ passport • NZ certificate of identity • NZ firearms licence • emergency travel document • overseas passport • foreign-issued national identity document • NZ refugee travel document 	<ul style="list-style-type: none"> • NZ driver licence and one of: <ul style="list-style-type: none"> • a credit card, debit or EFTPOS card issued by a registered NZ bank (name and signature must be on the card) • a bank account statement issued by a registered NZ bank addressed to the Relevant Person from the last 12 months. • a document issued by a NZ government agency containing the Relevant Person’s name and signature (e.g. a SuperGold card) • an IRD statement or other NZ government agency statement addressed to the Relevant Person from the last 12 months 	One of the following forms of photo ID: <ul style="list-style-type: none"> • NZ driver licence • 18+ card (Hospitality Association) • a valid international driving permit and one of: <ul style="list-style-type: none"> • NZ full birth certificate • certificate of NZ citizenship • citizenship certificate issued by a foreign government • birth certificate issued by a foreign government

Address Verification Requirement

In **addition** to the above, each Relevant Person must supply a copy of **one** form of address verification documentation from the following list which cannot be more than 3 months old:

- utility bill
- IRD Tax assessment notice (New Zealand)
- credit card/bank statements from an active account
- government valuation of Properties (evidencing ownership)
- letter from a New Zealand employer on employer’s letterhead (subject to separate verification process)
- Tenancy Agreement for a New Zealand address

Please note; certification of documents must be by a “trusted referee”. See the description of who is a trusted referee below:

WHO IS A TRUSTED REFEREE?

When supplying certified identification documents, the trusted referee must be at least 16 years of age and one of the following:

Commonwealth Representative (as defined in the Oaths and Declarations Act 1957)

- a member of the Police
- a justice of the peace
- a registered medical doctor
- Kaumātua
- a registered teacher
- a minister of religion
- a lawyer
- a notary public
- New Zealand Honorary Consul
- a Member of Parliament
- a Chartered Accountant

In addition, the trusted referee must not be:

- related to the investor; for example, a trusted referee cannot be a parent, child, brother, sister, aunt, uncle or cousin of the investor
- the spouse or partner of the investor
- a person who lives at the same address as the investor

The trusted referee must sight the original identification documentation, and make a statement on the copy to the effect that the documents provided are a true copy and correctly represent the identity of the investor.

The certification by the trusted referee must include the name, occupation and signature of the trusted referee and the date of certification. Certification must have been carried out in the three months preceding the presentation of the copied document.



MIDLANDS



Midlands Funds Management Limited

P. 0800 870 326 / 06 870 3260 E. admin@mmt.net.nz

1/111 Karamu Rd Nth | PO Box 609 Hastings 4156 New Zealand

midlandsfundsmgmt.co.nz

