

20 November 2019

Evergreen Retirement Trust – Wind Up Update

We wrote to members on 27 September 2019 as part of sending out the Scheme's Annual Report for the Evergreen Retirement Trust ("the Scheme"). This is a further update for you on recent developments.

Since announcing the wind-up of the Scheme Evergreen Retirement Trust ("the Scheme") last year we have:

- Received GBP6.94m in redemption proceeds from the underlying investment managers of the Absolute Growth Fund and Income Plus Fund
- For the Absolute Growth Fund we have fully redeemed 6 out of 7 investments, and received 98% of the 5 April 2018 value of the fund.
- For the Income Plus Fund we have fully redeemed 1 out of 4 investments. We have received 63% of the 5 April 2018 fund value.
- We have paid out to members 84.39% of the Absolute Growth Fund and 42.11% of the Income Plus Fund

At the time of the last correspondence the Scheme had three investments in three funds which had not been sold because they were either subject to:

- A lock in – meaning that there was a time period that the investments needed to be held for. These lock-in periods were set before the Scheme entered wind-up.
- Illiquidity – meaning that the fund manager was not able to easily sell the assets of the underlying fund.

The three underlying funds were:

- Penrich Capital G10 Currency Income Fund (Penrich Fund) – this investment is held by the Scheme's Income Plus fund
- GDI No 36 Perth CBD Office Trust (Perth GDI Trust) – this investment is also held by the Income Plus fund
- Permal Select Opportunities II AQ Fund (Permal Fund) – this investment is held by both the Absolute Growth fund and the Income Plus fund

In early October 2019 the Scheme custodian received the proceeds from a redemption of the Scheme's interest in the Penrich Fund. The amount received was substantially less than had been expected. This was due to the underlying fund manager being unable to realise value from the main investment of the Penrich Fund. Together with the Scheme Trustee we are working with the underlying fund manager to try and achieve additional value from the Scheme's investment interest in the Penrich Fund and its underlying investments. However, that process is complex. At present, the value that may be able to be recovered is unclear. We will update all members in late December on this process and the outcome.

The Scheme still holds an investment in the Perth GDI Trust. This fund holds a single investment, a large commercial property. With such an investment we would usually only expect to receive a return when the property is sold. The manager of the Perth GDI Trust has advised that the sale of the

property is unlikely to be completed before late 2020 although there is currently no fixed date. As the property is let we currently receive quarterly payments from the fund. There is no readily available secondary market for the Scheme to sell its investment to another investor. But we will continue to work to find a buyer of our investment in advance of property being sold in order that we can make distributions sooner.

The Permal Fund continues to make quarterly redemption payments to the Scheme. To date 84.41% of the Schemes original investment has been redeemed. We are in discussion with the manager of the Permal Fund to agree a way to liquidate the remainder of the investment.

Along with the Scheme Trustee we are currently reviewing the Scheme assets to determine if there is enough cash in the Scheme (after forecast Scheme expenses) to now make a second interim distribution. There will be further communication once a decision has been made.

At this time we are unable to specify a date for the wind up of the Scheme and the final distribution of the remaining assets. Whilst we expect this to be in 2020, it is dependent on the realisation of the underlying investments and completion of compliance obligations.

Regards
The Evergreen Team

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