

30 July 2021

Evergreen Retirement Trust – Members Update

Financial Markets Conduct (Evergreen Retirement Trust) Exemption Notice 2021

This update is prepared in compliance with the Financial Markets Conduct (Evergreen Retirement Trust) Exemption Notice 2021 (**Exemption Notice**) issued by the Financial Markets Authority (**FMA**) on 22 April 2021. The Exemption Notice exempts The New Zealand Guardian Trust Company Limited (NZGT/ Trustee/ **Manager**) as Manager of the Evergreen Retirement Trust (**Scheme**) from the requirement to ensure that:

- an Annual Report is prepared for the Scheme, as required under regulation 62 of the Financial Markets Conduct Regulations 2014 (**Regulations**);
- the financial statements for the Scheme are dated and signed on behalf of the manager by two directors of the Manager or, if the Manager has only one director, by that director, as required under section 461A(3)(c) of the Financial Markets Conduct Act 2013 (**Act**);
- the Scheme's financial statements are audited by a qualified auditor, as required under section 461D of the Act.

A copy of the Exemption Notice can be found on the Scheme website <https://evergreentrust.co.nz/> or can be requested by contacting us at the address below.

The Trustee has obtained a reporting and audit exemption from the FMA, as detailed above, which is expected to enable the Scheme to save costs going forward.

Material changes to the Scheme

The unaudited statement of net assets available for members benefits at 31 March 2021 is below. This shows the changes to the value of Scheme property in the financial year to 31 March 2021.

	Absolute Growth Fund (GBP)		Income Plus Fund (GBP)		Scheme (GBP)	
	2021 £	2020 £	2021 £	2020 £	2021 £	2020 £
Members' Funds	317,917	307,057	1,280,347	1,385,844	1,598,264	1,692,901
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Assets						
Cash and cash equivalents	2,771	4,257	5,960	10,585	8,731	14,842
Trade and other receivables	664,801	733,573	1,386,853	1,612,531	2,051,654	2,346,104
Financial assets at net realisable value	60,478	38,633	552,981	519,397	613,459	558,030
Unit holder attributed taxation receivable	275	275	-	-	275	275
Total Assets	728,325	776,738	1,945,794	2,142,513	2,674,119	2,919,251
Liabilities						
Trade and other payables	407,451	467,029	623,095	742,768	1,030,546	1,209,797
Trade and other payables to related parties	2,957	837	14,369	6,921	17,326	7,758
Financial liabilities at net realisable value	-	1,815	27,983	6,980	27,983	8,795
Total Liabilities	410,408	469,681	665,447	756,669	1,075,855	1,226,350
Net Assets Attributable to Members	317,917	307,057	1,280,347	1,385,844	1,598,264	1,692,901

The assets of the Scheme are held by the Scheme custodian - Trustee Executors Limited. The custodian holds the Scheme property on trust for the Scheme. There has been no change to the custodial arrangement during the financial year.

Financial Statements

The 31 March 2020 and 31 March 2021 Scheme financial statements have been lodged with the Registrar. A copy of the Scheme financial statements can be obtained by searching the Disclose Register at <https://disclose-register.companiesoffice.govt.nz/>, selecting 'Search for a Scheme' and entering Evergreen Retirement Trust, or from the Scheme website at <https://evergreentrust.co.nz/>, or by contacting using the contact details at the foot of this update.

Unit pricing and Scheme costs

A unit price has been struck as at 31 March 2021, and updated member statements can be accessed via the member portal by following the link from the Scheme website <https://evergreentrust.co.nz/>.

Fund	31 March 2021	31 March 2020
Absolute Growth Fund	0.8437	0.8005
Income Plus Fund	0.3227	0.3424

Investment update

In November 2019 and May 2020 members were provided with an update on the wind-up of the Scheme which focused on three underlying funds that the Scheme was invested in at that time, namely:

- Penrich Capital G10 Currency Income Fund (**Penrich Fund**) – this investment was held by the Income Plus fund
- GDI No 36 Perth CBD Office Trust (**Perth GDI Trust**) – this investment is 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.

Below is a further update for members on developments and the recovery or liquidation of the investments.

Penrich Fund update

In the May 2020 member update we advised members that the Trustee had taken two actions in respect of the Penrich Fund. One sought direction from the High Court of New Zealand in relation to the recovery of losses caused to the Scheme and the related issue of Scheme funds expended on legal fees. The second was a claim against the directors of Penrich Capital Limited, also in the High Court of New Zealand.

The Trustee has finalised these actions by completing settlement agreements with the directors of Penrich Capital Limited. The terms of these settlement agreements are confidential. In June 2021 Kelly Tonkin, one of the Penrich Capital Limited directors, pleaded guilty to a number of charges laid by the Serious Fraud Office. This may give rise to more proceedings against him. These charges are not in respect of the Scheme.

Illiquid investments

The Scheme also continues to hold two illiquid investments and the Trustee, Manager and Evergreen Capital Partners Limited (ECP) (the administration and investment manager for the Scheme), have explored options to realise the investments through the secondary market. An acceptable solution for realising these investments has not been found in the secondary market meaning realisation has not been possible. We continue to explore options to realise the investments at a value which is in the best interests to members, however, as the investments are illiquid there are limited options to complete a realisation in advance of redemption distributions being paid by the underlying funds.

Perth GDI Trust update

The Scheme continues to hold an investment in the GDI No36 Perth CBD Office Trust (**Perth GDI Trust**). This fund holds a single property investment, which the Perth GDI Trust is planning to sell prior to the closure date. The trust manager has confirmed their intention to place the property on the market once the property occupancy levels are improved. Following the expiry of tenant leases in 2019 the trust manager has been unable to re-let the premises due to a lack of demand caused by new work from home practices, meaning there has been a decrease in demand for Perth office space at present. There has been some improvement in central city occupancy rates in recent months and the trust manager remains optimistic that they will be able to secure new tenants within a reasonable time frame.

We continue to look for a buyer for the units that the Scheme holds in the Perth GDI Trust on the secondary markets, so the Scheme can transfer/ sell the holding, however, Australian REITS (real estate investment trusts) continue to trade below 65% down on current market value, so it is considered that a quick realisation is unlikely to be achieved.

Permal Fund update

The Permal Fund is being liquidated by the underlying manager and the Scheme receives redemption payments when liquidity is available within the Permal Fund and the underlying manager declares a distribution. During the 2020/2021 financial year the Scheme received redemptions totalling US\$ 28,589.09 being 11.49% of the units held when the Scheme wind up was announced. The Scheme has received redemptions to date totalling 72.82% of the units held when the Scheme wind up was announced and continues to hold 27.18%.

The underlying manager of the Permal Fund has forecast a redemption of 13% of the remaining units in the second half of 2021 and the remainder in 2022. These percentages are estimates and are not guaranteed by the underlying manager.

We continue to look for a buyer on the secondary markets for the units that the Scheme holds in the Permal Fund, so the Scheme can transfer/ sell the holding, however, the secondary market continues to trade below 65% - 70% down on current market value, so it is considered that a quick realisation is unlikely to be achieved.

Second interim distribution

No distribution was declared in the financial year to 31 March 2021. The previously unpaid first distribution was paid to members in the 31 March 2021 financial year as members provided the Scheme with a member nomination and a certified proof of identity and address.

The Trustee and Manager are considering whether a second interim distribution can be paid in quarter 3 2021. However, the Trustee is mindful of costs unknown at this stage, including compliance and legal, which may affect payment of a second interim distribution. There will be further communication once a decision has been made.

At this time, we are unable to confirm a date for the wind up of the Scheme and the final distribution of the remaining assets. Given the unknown timing to redeem the final underlying investments the final wind-up of the Scheme may still be some time away.

CONTACT DETAILS AND COMPLAINTS

Requests for information and/or complaints can be sent to:

ADMINISTRATION & INVESTMENT MANAGER

Evergreen Capital Partners Limited by post or by email at:

Postal: PO Box 317, Christchurch 8140. New Zealand.

Email: transfers@evergreentrust.co.nz

Tel: + 64 4 974 5145

MANAGER AND TRUSTEE

The New Zealand Guardian Trust Company Limited

Relationship Manager – Evergreen Retirement Trust

PO Box 274, Shortland Street Auckland 1140

Email: ct-auckland@nzgt.co.nz

Tel: +64 9 909 5100

Complaints can be made to NZGT or ECP at the addresses above. NZGT and ECP are members of an independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs. NZGT or Evergreen Capital Partners Limited (as applicable) has 40 working days to respond to your complaint. If you are not satisfied by the response, you may refer the matter to FSCL.

Financial Services Complaints Limited

Level 4, 101 Lambton Quay

Wellington 6011

PO Box 5967

Wellington 6140

Email: complaints@fscl.org.nz

Tel: 0800 347 257, Overseas +64 4 472 3725

You won't be charged a fee for investigating or resolving a complaint.

Regards,

The Evergreen Team

EVERGREEN RETIREMENT TRUST

Delivery: Level 1, North Lobby, Awly Building, 293 Durham Street, Christchurch 8013

Registered Office: Level 1, North Lobby, Awly Building, 293 Durham Street, Christchurch 8013

Postal: PO Box 317, Christchurch 8140

Tel + 64 4 974 5145

Email: transfers@evergreentrust.co.nz