

Client Update

PERPETUAL GUARDIAN | NOVEMBER 2019

WHEN PERPETUAL TRUST LTD (PERPETUAL TRUST) AND THE NZ GUARDIAN TRUST CO. LTD (NZGT) WERE BROUGHT TOGETHER IN 2014, WE MADE THE DECISION TO TRADE OUR PRIVATE CLIENT SERVICES UNDER THE PERPETUAL GUARDIAN NAME – ALIGNING TWO STRONG BRANDS WITH MORE THAN 135 YEARS OF KIWI HERITAGE.

We see our clients as Perpetual Guardian clients first and foremost, however Perpetual Trust and NZGT remained as the two legal entities behind the scenes. Both Perpetual Trust and NZGT are statutory trustees under the Trustee Companies Act, which empowers us to be there for our clients in perpetuity (unlike other trustee structures). Our business is about honouring our clients' legacies and we work alongside the generations of our clients.

Alongside Perpetual Guardian, NZGT also provides Corporate Trust Services – a very different kind of trustee service. In essence, the Private Client business has traded as Perpetual Guardian while the Corporate Trust business has continued to trade as Guardian Trust. For more than 5 years we have continued operations of these two quite distinct businesses and the table below summarises the kind of services that each business offers:



PRIVATE CLIENT SERVICES

- Wills
- Enduring Powers of Attorney
- Estate planning
- Trust advice, establishment and trusteeships
- Estate administration
- Tailored lifestyle/agency services
- Property management
- Investment advice and management



CORPORATE TRUST SERVICES

- Supervisor of debt securities
- Managed Investment Scheme supervisor, including kiwisaver, unit trusts and superannuation schemes
- Trustee for securitisation and structured finance
- Escrow services

Private Client and Corporate Trust have increasingly become entirely separate businesses with different legislative and regulatory obligations. Whilst the businesses have different governance and management structures to reflect this, we feel that clarifying these two businesses as separate offerings and separate companies helps everyone better understand and appreciate these two very different roles which NZGT has been occupying. For us, improving market transparency is worth making some administrative changes. These changes have been scoped to completely distinguish the two businesses from each other.

To enable both of these businesses to flourish, we have taken the decision to amicably separate: Corporate Trustee Services will continue to trade as Guardian Trust (under the legal name of NZGT) with Private Client Services continuing to trade as Perpetual Guardian (under the legal name of Perpetual Trust).

We see this as an administrative measure only, and are taking all necessary steps to avoid any potential disruption of your experience with us.



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Please note that your existing contacts with Perpetual Guardian will remain unchanged. We are still Perpetual Guardian and we still have the same offices, with the same phone numbers, and all other points of contact remain unchanged. The only potential change that might impact you is that we are looking to hold all Private Client appointments under the legal entity of Perpetual Trust Ltd from now on.

For most of our trusts and estates, no change is required. The High Court has thoroughly reviewed this matter and has vested all effected NZGT appointments to Perpetual Trust, trading as Perpetual Guardian. The court has taken this view predominantly because your experience with us will not change. If you were a Perpetual Guardian client, under

a NZGT appointment, you will remain a Perpetual Guardian client, with the appointment now held by Perpetual Trust.

For our other services, we are doing all we can to automate and streamline this process for you. Should any further actions be required, we will be in touch with the relevant details and processes to discuss with you.

Included in this client update are some frequently asked questions and an overview of our services for your reference. If you would like any further information, or would like to discuss this change with us, please contact your local branch, call us on 0800 737 738, or please drop us an email at info@pgtrust.co.nz.

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| <p>01. Why separate/ what are the advantages to these changes?</p> | <ul style="list-style-type: none"> - The two businesses (Private Client and Corporate Trust) run different operations requiring different resources, licences, systems and staff. They have always been run synthetically separately with Chinese walls in place to minimise any potential for conflicts of interest. This change is further formalising what has already been in place. - Having each company attached to only one dedicated business creates clarity and helps people understand what it is we do. This also means we are easier to regulate and be defined [by other parties]. |
| <p>02. Does my contact person change?</p> | <p>No. Same person, same phone number, same email, same location, same email signature.</p> |
| <p>03. Will the service change at all?</p> | <p>No.</p> |
| <p>04. What potential impacts are there from this change?</p> | <p>To transition:</p> <ul style="list-style-type: none"> - Some administrative changes may be required to shift your appointment from being held by NZGT to now being held by Perpetual Trust. <p>Once your appointment is held by Perpetual Trust:</p> <ul style="list-style-type: none"> - None. |
| <p>05. Will there be any change to fees?</p> | <p>No.</p> |

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| <p>06. Will this change cost me anything?</p> | <p>No.</p> |
| <p>07. What about my Will and/or Enduring power of Attorney?</p> | <p>There's no formal change required however, as we review these with you, we will look to re-document these going forward.</p> |
| <p>08. Our family has had a long association with Guardian Trust. How does this change affect that relationship?</p> | <p>We will continue to acknowledge and honour this legacy and connections. In principle, the strength of the trust is not in a name but in the relationships held. "A rose by any other name would smell as sweet".</p> |
| <p>09. Insurance – does this change affect how Perpetual Guardian is insured?</p> | <p>No.</p> |
| <p>10. Does this change affect the strength of Perpetual Guardian's balance sheet?</p> | <p>No.</p> |
| <p>11. Does this change affect the shareholding of the company?</p> | <p>No.</p> |
| <p>12. What does this mean for my interactions with Perpetual Guardian?</p> | <p>From a day-to-day perspective, nothing should change. You'll still interact with the same staff, in the same offices, using the same contact numbers. All of our existing points of contact (including our client managers, contact phone numbers, email addresses, Perpetual Guardian branches and letterheads) will remain the same. You'll still receive our regular Perpetual Guardian e-newsletters and your normal client managers will be in touch regarding your individual trust / estate, when appropriate, as per normal.</p> |
| <p>13. What do I do if I have any concerns?</p> | <p>If you have any concerns about the transfer, then please contact your Client Manager. They will be able to explain the transfer and are more than happy to discuss any concerns with you further. If they can't answer a question, then they will find out the answer and get back to you.</p> |

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| <p>14. Why was the High Court involved?</p> | <p>The Court has the power to order the substitution of a number of trustees and executors / administrators at once, provided the substitution is “expedient” and it would be too difficult (or “inexpedient”) to effect the substitution without the Court’s assistance. Given the number of trusts and estates involved, we made the decision to apply to the High Court for substitution orders, which were made on 8 October 2019.</p> |
| <p>15. Who paid for the High Court application?</p> | <p>All of the costs associated with this application to the High Court were met by Perpetual Guardian. The costs of implementing the substitution of PTL for NZGT will also be met by Perpetual Guardian. The individual trusts and estates will not have to bear those costs.</p> |
| <p>16. What does the FMA think of this change?</p> | <p>Our regulators are fully aware of our intentions and the steps we have taken/will take to execute this change. They have no concerns with our approach and our desired outcome and in fact have been supportive.</p> |
| <p>17. What if I don't want to change?</p> | <p>We appreciate that this change is somewhat unusual in nature, but we strongly believe that there are no detrimental consequences for you, a view supported by the High Court.</p> <p>If you have any concerns about how these changes affect you, please contact us to discuss your situation in detail with our staff.</p> |
| <p>18. Where can I find more information?</p> | <p>www.perpetualguardian.co.nz Pop into your local branch 0800 737 738, Email us at info@pgtrust.co.nz</p> |

Please don't hesitate to call or pop into your local branch to find out more.
We're *always here* to help.