





Roys Bay artist impression



Roys Bay artist impression



Whitby Village

# Contents

Letter from the Board	5
Key Highlights	7
Specialist Lender To The Retirement Village Industry	9
The Team	10
Board and Regulatory Environment	11
Financial Statements	13
Annual Report	51

This 2019 Annual Report is a concise summary of our activities and financial position. All figures are expressed in New Zealand currency unless otherwise stated. Revenues and expenses are recognised exclusive of Goods and Services Tax.



Quail Ridge



Quail Ridge



Quail Ridge

# Letter from the Board

Dear Unitholder,

Welcome to the Senior Trust Retirement Village Listed Fund (“the Fund”) 2019 Annual Report. We are pleased to report that we have continued our track record of exceeding the long term targeted distribution rate of 6% pre-tax per annum.

During the year, we announced that the offer of units in the Fund has closed as the maximum number of units have been issued. Due to the level of investor interest, the offer closed prior to the final close date of 11th March 2020. We appreciate your investor support.

It has been a busy year on the loan front. Two loans were fully repaid. We increased the facility limits on a number of loans and restructured the security arrangements in respect to another loan. During the period we also continued to investigate other lending opportunities to carefully selected, well located and soundly run retirement village developments and aged care facilities.

As we undertake this activity, we continue to focus on our objectives of delivering the targeted distribution rate, maintaining the risk profile of the Fund and ensuring that the loans are repaid prior to maturity of the Fund, which is no later than 11 March 2021.

On a macro level, the retirement village and aged care facility sector in which the Fund operates remains positive, however the Directors note the uncertainty in the property market from both a sales perspective and the possibility of capacity challenges in the construction sector. We continually monitor both sales and adherence to construction programs, as part of our risk management approach.

Overall, the Board considers the retirement village sector has a history of relative stability and a long term trend of steady growth. Statistics New Zealand predicts that the population of New Zealanders who are 75+ will increase from 6% of the total population in 2016 to 10% by 2033, which means that the demand for retirement villages is likely to grow considerably over this period. We consider that there

are significant opportunities for a specialist lender to the retirement village sector due to this favourable demographic backdrop.

The Board also undertook a ‘good conduct’ review. As part of this process, we conducted an investor survey, as our unitholders are in the best position to objectively judge whether we are delivering good customer outcomes. We were pleased with the responses and have identified areas where we can provide an even stronger investor experience.

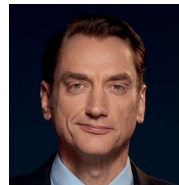
We would once again like to thank you for your continued support.

The Board



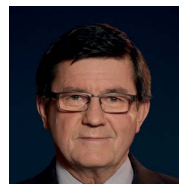
Scott Lester, Director

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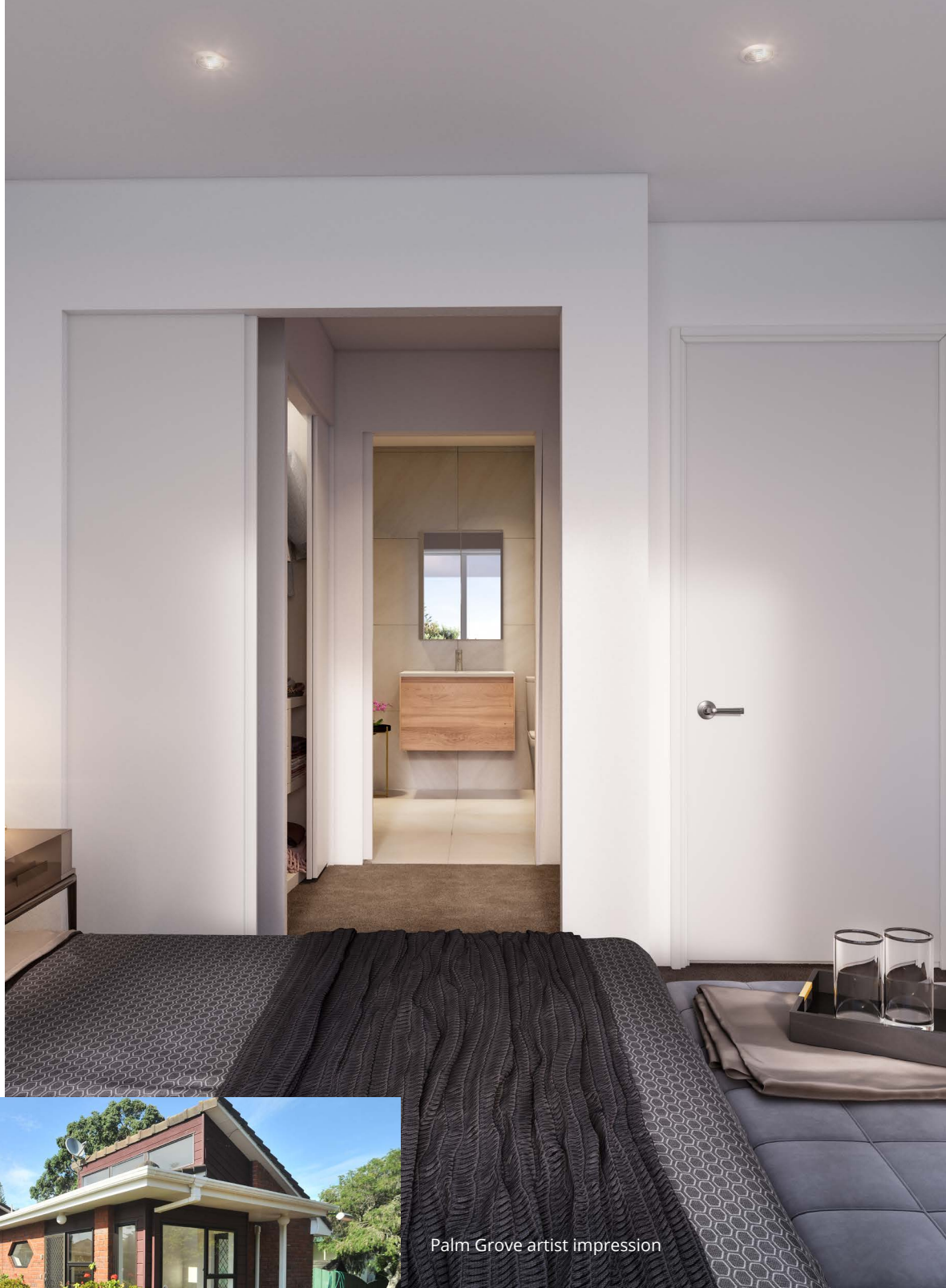
Joseph van Wijk, Independent Director

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Neville Brummer, Independent Director

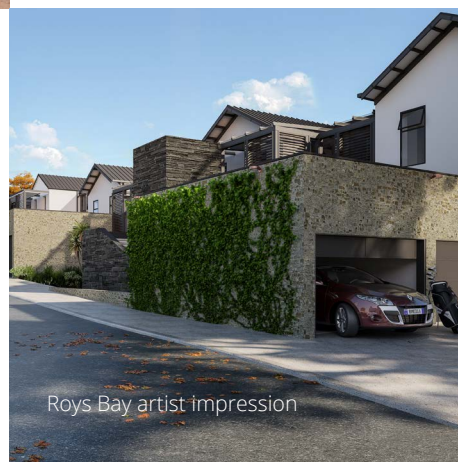
A handwritten signature in black ink, appearing to read 'N Brummer'.



Palm Grove artist impression



Palm Grove



Roys Bay artist impression

# Key Highlights

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DISTRIBUTION PAID  
AT A RATE OF

6.6%

(pre-tax) per annum



EXCEEDED TARGET  
DISTRIBUTION RATE OF

6%

(pre-tax) per annum

---

REPORTED  
REVENUE

\$4.6m

(pre-tax) per annum



INCREASE IN  
REVENUE NEARLY

\$2m

when compared to FY18

---

PROVIDED

4 LOANS

to well located, soundly run  
retirement village developments



ACHIEVED

DIVERSIFICATION

through operator and  
geographical mix

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A TOTAL OF

42,836,350

units on issue



OFFER

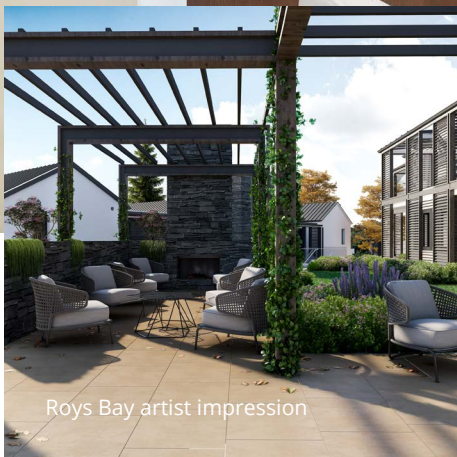
CLOSED

prior to the final close date of  
11th March 2020

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Quail Ridge



Roys Bay artist impression

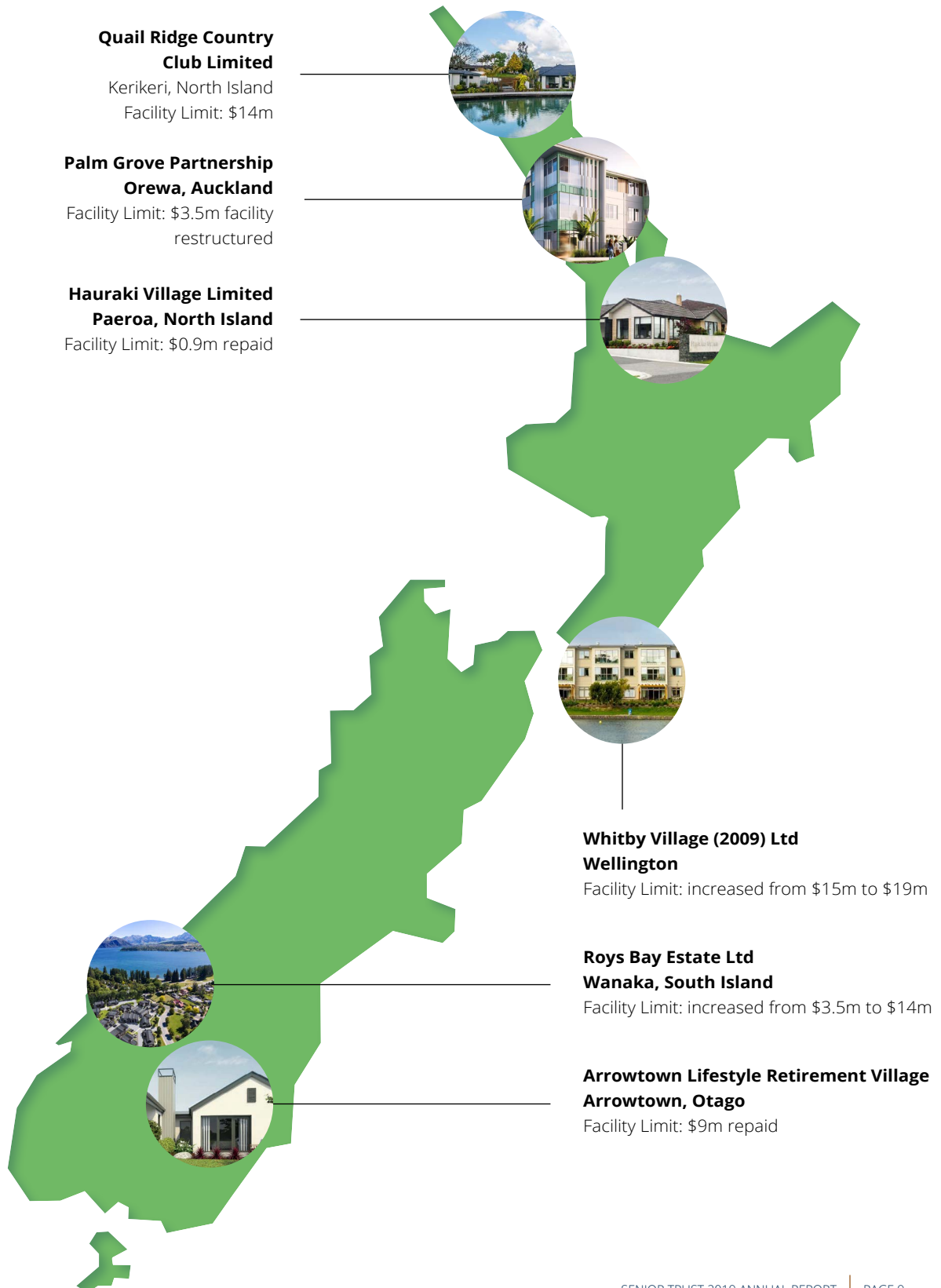


Palm Grove artist impression



# Specialist Lender to The Retirement Village Industry

## Loan Activity During The Year



# Our Board and Management Team



# Board and Regulatory Environment

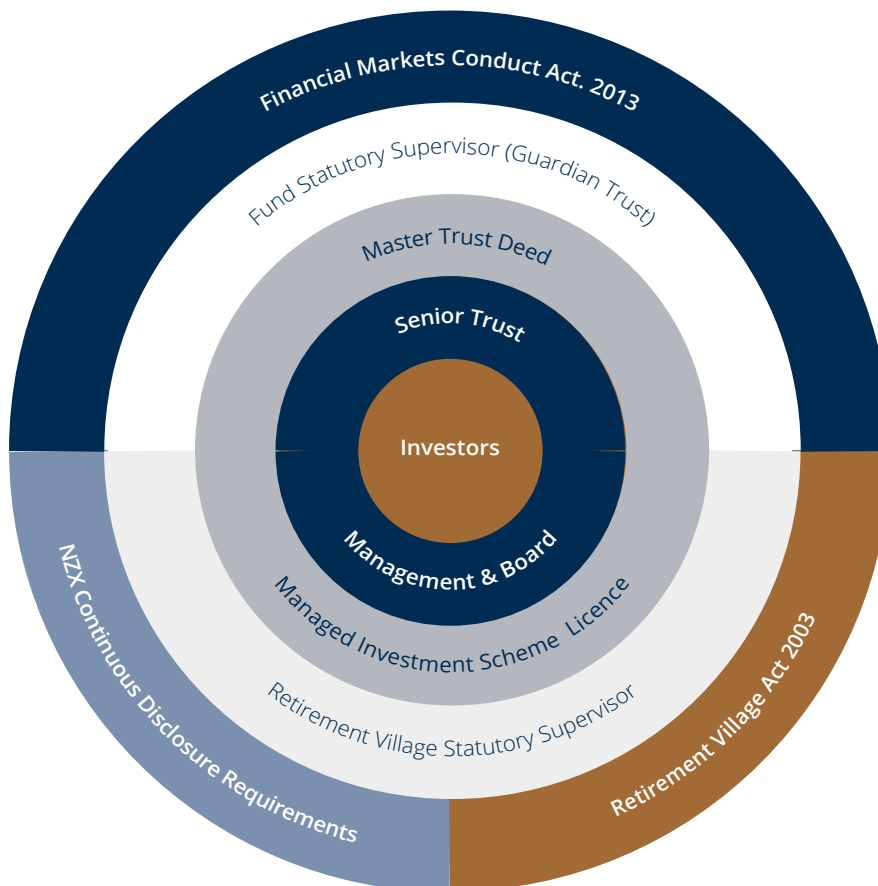
The Board has adopted a corporate governance framework that is designed to adhere to best practice and recognises that an effective corporate governance culture is an important factor in regards to delivering on behalf of our unitholders. Continual strengthening of the corporate governance framework has been a key focus of the Board. The governance framework takes into account both the Financial Markets Conduct Act 2013 and the NZX Governance Code.

The Fund is also required to have a supervisor. The supervisor of the Fund is The New Zealand Guardian Trust Company Limited ("Guardian Trust"), New Zealand's leading trustee company. Guardian Trust works closely with the directors and executive to ensure the Master Trust Deed and the Statement of

Investment Policies and Objectives are complied with at all times.

The Board is responsible for ensuring the strategic direction and commercial performance of the Fund. There are risks associated with the Fund which could affect unitholders ability to recover the amount invested and / or negatively impact the level of distributions payable. The Board has the responsibility to manage the risks of the Fund and take the appropriate action if required to mitigate any adverse outcomes.

In respect to the wider regulatory environment, where our borrowers are a registered retirement village they have to adhere to the requirements under the Retirement Village Acts 2003.





Palm Grove



Palm Grove Artist impression



Quail Ridge

Senior Trust Retirement Village Listed Fund

# Financial Statements

For The 12 Months Ended 30 March 2019



Quail Ridge

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

TABLE OF CONTENTS

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Business Directory	15
Independent auditor's report	16 - 18
Statement of comprehensive income	19
Statement of financial position	20
Statement of changes in net assets attributable to unitholders	21
Statement of cash flows	22
Notes to the financial statements	23 - 48

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SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

BUSINESS DIRECTORY

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IRD number	117-982-076
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Nature of business	Investment
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Registered office	Foley Hughes Level 1, 20 Beaumont Street Freemans Bay Auckland, 1110
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Directors (Manager)	Joseph van Wijk Scott Daniel Lester Neville Brummer
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Supervisor	The New Zealand Guardian Trust Company Limited
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Manager	Senior Trust Management Limited
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Bankers	Bank of New Zealand
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Auditors	William Buck Audit (NZ) Limited
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Accountants	Baker Tilly Staples Rodway Auckland Limited
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SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS



### Opinion

We have audited the financial statements of Senior Trust Retirement Village Listed Fund (the Fund), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Fund.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**CHARTERED ACCOUNTANTS  
& ADVISORS**

Level 4, 21 Queen Street  
Auckland 1010, New Zealand  
PO Box 106 090  
Auckland 1143, New Zealand  
Telephone: +64 9 366 5000  
[williambuck.co.nz](http://williambuck.co.nz)

William Buck Audit (NZ) Limited





SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS  
 REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED



CARRYING VALUE OF LOANS RECEIVABLE	
Area of focus Refer also to Notes 1, 3 and 9	How our audit addressed it
<p>The Fund has significant Loans Receivable with five Parties totalling \$39,047,501. The largest significant individual balance being:</p> <p>Whitby Village (2009) Limited      \$16,649,716</p> <p>Receivables are required to be carried at their recoverable amount</p> <p>The recoverability of the Loans receivable requires management judgement and continuous monitoring.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— A review of all the underlying loan agreements, to ensure that all aspects have been accounted for correctly</li> <li>— Review and consideration of the early repayment clauses and whether any had been triggered</li> <li>— Review of the Managers' credit assessment</li> <li>— Review of the collateral value of the security over the loans and determined the adequacy of the LVR's and other factors</li> <li>— Review of independent valuations completed on the underlying retirement villages provided as security</li> </ul> <p>We assessed the adequacy of the Fund's disclosures in respect of the transactions</p>

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Managers' Responsibilities**

The directors of the Manager are responsible on behalf of the entity for the preparation of financial statements that give a true and fair view in accordance with New Zealand equivalents to International Financial Reporting Standards, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS CONTINUED



In preparing the financial statements, the Manager is responsible on behalf of the Fund for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/>

This description forms part of our independent auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Darren Wright.

**Restriction on Distribution and Use**

This report is made solely to the Funds Unit Holders, as a body. Our audit work has been undertaken so that we might state to the Funds Unit Holders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Funds Unit Holders, as a body, for our audit work, for this report or for the opinions we have formed.

A handwritten signature in blue ink that reads 'William Buck'.

**William Buck Audit (NZ) Limited**

Auckland  
28 May 2019

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$	2018 \$
<b>Revenue and other income</b>			
Interest income	4	4,457,507	2,449,491
Revenue from contracts with customers	4	<u>129,126</u>	<u>177,068</u>
		<b><u>4,586,633</u></b>	<b><u>2,626,559</u></b>
<b>Less: expenses</b>			
Administration and compliance expense	5	<u>(1,653,324)</u>	<u>(1,096,278)</u>
		<u>(1,653,324)</u>	<u>(1,096,278)</u>
		<b><u>2,933,309</u></b>	<b><u>1,530,281</u></b>
<b>Profit before income tax expense</b>			
Income tax expense	6	<u>(821,326)</u>	<u>(428,479)</u>
		<b><u>2,111,983</u></b>	<b><u>1,101,802</u></b>
<b>Net profit</b>			
<b>Other comprehensive income for the period</b>			
		-	-
<b>Total comprehensive income</b>			
		<b><u>2,111,983</u></b>	<b><u>1,101,802</u></b>
<b>Earnings per unit</b>			
Unaudited basic earnings per unit after tax (cents)	13	5.3	5.0
Unaudited diluted earnings per unit after tax (cents)	13	5.3	5.0

The accompanying notes form part of these financial statements.

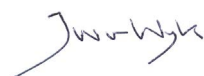
SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	7	4,796,610	6,884,282
Receivables	8	451,305	293,630
Finance receivables	9	13,517,497	3,806,270
Prepayments		7,310	7,202
<b>Total current assets</b>		<b><u>18,772,722</u></b>	<b><u>10,991,384</u></b>
<b>Non-current assets</b>			
Finance receivables	9	25,530,004	25,324,582
Deferred tax assets	6	8,264	6,914
<b>Total non-current assets</b>		<b><u>25,538,268</u></b>	<b><u>25,331,496</u></b>
<b>Total assets</b>		<b><u>44,310,990</u></b>	<b><u>36,322,880</u></b>
<b>Current liabilities</b>			
Payables	10	907,127	2,088,403
Current tax liabilities		261,425	121,867
<b>Total current liabilities</b>		<b><u>1,168,552</u></b>	<b><u>2,210,270</u></b>
<b>Total liabilities</b>		<b><u>1,168,552</u></b>	<b><u>2,210,270</u></b>
<b>Net assets attributable to unitholders</b>		<b><u>43,142,438</u></b>	<b><u>34,112,610</u></b>
Units	11	42,843,442	34,026,413
Retained earnings		298,996	86,197
<b>Net assets attributable to unitholders</b>		<b><u>43,142,438</u></b>	<b><u>34,112,610</u></b>

Signed in accordance with a resolution of the Manager.



Scott Lester, Director



Joseph van Wijk, Director

Dated 28th day of May, 2019.

The accompanying notes form part of these financial statements.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
 FOR THE YEAR ENDED 31 MARCH 2019

	Units \$	Retained earnings \$	Total equity \$
Balance as at 1 April 2017	15,808,555	48,645	15,857,200
Total comprehensive income for the period	-	1,101,802	1,101,802
<b>Transactions with unitholders:</b>			
Allotted investor units	18,217,858	-	18,217,858
Distribution to unitholders	-	(1,064,250)	(1,064,250)
<b>Total transactions with unitholders</b>	<u>18,217,858</u>	<u>(1,064,250)</u>	<u>17,153,608</u>
<b>Balance as at 31 March 2018</b>	<u>34,026,413</u>	<u>86,197</u>	<u>34,112,610</u>
Balance as at 1 April 2018	34,026,413	86,197	34,112,610
Total comprehensive income for the year	-	2,111,983	2,111,983
<b>Transactions with unitholders:</b>			
Allotted investor units	8,817,029	-	8,817,029
Distribution to unitholders	-	(1,899,184)	(1,899,184)
<b>Total transactions with unitholders</b>	<u>8,817,029</u>	<u>(1,899,184)</u>	<u>6,917,845</u>
<b>Balance as at 31 March 2019</b>	<u>42,843,442</u>	<u>298,996</u>	<u>43,142,438</u>

The accompanying notes form part of these financial statements.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 \$	2018 \$
<b>Cash flow from operating activities</b>			
Interest received from borrowers		4,339,832	2,295,484
Receipts from customers - registry income		64,126	157,544
Receipts from customers - other income		65,000	19,524
Payments to suppliers		(1,544,369)	(956,341)
Income tax paid		(683,118)	(359,554)
<b>Net cash provided by operating activities</b>	14(a)	<b><u>2,241,471</u></b>	<b><u>1,156,657</u></b>
<b>Cash flow from investing activities</b>			
Loans advanced to retirement villages		(10,020,844)	(14,832,978)
Proceeds from Manager		104,195	138,926
<b>Net cash used in investing activities</b>		<b><u>(9,916,649)</u></b>	<b><u>(14,694,052)</u></b>
<b>Cash flow from financing activities</b>			
Proceeds from units allotted		7,376,380	18,167,558
Proceeds from units un-allotted		-	1,400,649
Unitholder distributions paid		(1,788,874)	(839,061)
<b>Net cash provided by financing activities</b>		<b><u>5,587,506</u></b>	<b><u>18,729,146</u></b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash at beginning of the financial year		6,884,282	1,692,531
Net increase/(decrease) in cash held		(2,087,672)	5,191,751
<b>Cash and cash equivalents at end of financial year</b>	<b>7</b>	<b><u>4,796,610</u></b>	<b><u>6,884,282</u></b>

The accompanying notes form part of these financial statements.

## SENIOR TRUST RETIREMENT VILLAGE LISTED FUND

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are for Senior Trust Retirement Village Listed Fund (the 'Fund').

The Fund is a unit trust established by deed dated 11 September 2015 between Corporate Trust Limited (Trustee) and Senior Trust Management Limited (Manager). On 23 November 2015, Corporate Trust Limited retired as Trustee and The New Zealand Guardian Trust Company Limited was appointed as the new Trustee. The Unit Trust has a maturity date of 11 March 2021.

The Fund is a for-profit entity for the purpose of complying with New Zealand Generally Accepted Accounting Practice.

The Fund's principal business activity is to make loans secured over mortgages of retirement villages and aged care facilities and to invest in any debt security issued by a New Zealand registered bank or any other rated institution that has a credit rating of at least BBB from Standard & Poor's (or an equivalent rating from another internationally recognised rating agency).

The Fund is listed on the New Zealand Stock Exchange (NZX) and is a FMC reporting entity for the purpose of the Financial Markets Conduct Act 2013.

The units in the Fund were issued in reliance on the exclusion for offers of the financial product of the same class as quoted financial products in Clause 19 of Schedule 1 of the Act. As a result of relying on that exclusion, the Manager is not required to issue a Product Disclosure Statement for the offer of Units in the Fund.

The financial statements were authorised for issue by the Manager of the Fund on 28 May 2019.

The following is a summary of the material accounting policies adopted by the Fund in the preparation and presentation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

In the prior year the Fund elected to early adopt NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers. NZ IFRS 16 Leases is not applicable to the Fund.

#### **(a) Basis of preparation of the financial statements**

##### *Statement of compliance*

The financial statements of the Fund have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards ("IFRS").

The financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board Listing Rules.

##### *Historical Cost Convention*

These financial statements have been prepared under the historical cost convention.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Functional and presentation currency**

The financial statements are presented in New Zealand dollars which is the Fund's functional and presentation currency.

**(c) Goods and services tax (GST)**

The Fund is not registered for Goods and Services Tax (GST) and consequently all components of the financial statements are stated inclusive of GST where appropriate.

**(d) Income tax**

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**(e) Revenue and other income**

*Interest income*

Refer note 1(f).

*Registry income*

Registry income relates to fees payable by a unitholder when they subscribe for units in the Fund. There are no goods or services to be provided to the unitholder. Revenue is recognised when the units are allotted to the unitholder.

*Other income*

Other income is recognised as it is earned.



**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Financial instruments**

*Classification*

The Fund classifies its financial instruments as amortised cost.

*Financial assets*

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets consist of trade and other receivables, finance receivables and cash and cash equivalents.

*Measurement*

At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Cash and cash equivalents - Cash and cash equivalents include cash on hand and at banks.

Finance receivables - Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a finance receivable that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

*Interest income*

Interest income is recognised in the profit or loss using the effective interest method. The effective interest method calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The calculation includes all fees received that are an integral part of the effective interest rate. The interest income is allocated over the life of the instrument and is measured for inclusion in profit and loss by applying the effective interest rate to the instruments amortised cost.

*Impairment*

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

The Fund assesses on a forward looking basis the expected credit losses associated with its finance receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(a) details how the Fund determines whether there has been a significant increase in credit risk. If there has been a significant increase in credit risk then lifetime expected credit losses are recognised. If there has not been a significant increase in credit risk then 12 months expected credit losses are recognised.

For other receivables, the Fund applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, other receivables have been grouped based on shared credit risk characteristics and the days past due.

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Financial instruments (Continued)**

*Financial liabilities*

Financial liabilities include trade payables and other creditors.

Financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the Funds has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

**(g) Units**

Units are classified as equity. Incremental costs, net of tax, directly attributable to the issue of new units are deducted from the proceeds of the issue and are shown in net assets attributable to unitholders.

Distributions on units are recognised in equity in the period which they are approved by the Manager.

**(h) Segment reporting**

The fund operates in one segment as an investment fund portfolio in New Zealand.

**(i) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

**NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires the use of management judgements, estimates and assumptions that affect reported amounts and the application of policies. In particular, significant management judgements and estimates have been exercised when reporting on the credit risks and quality of loans, the Fund's forecast liquidity and the Fund's ability to continue operating as a going concern. The estimates and associated assumptions are based on the historical experiences of the Manager and various other factors that are believed to be reasonable including forecasts of future conditions. However, as with most account balances, their value is subject to variation with market fluctuations.

Significant estimates relate to impairment of loans. The provision is based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer note 3(a).

The Manager reviews each loan against its internal risk matrix.

The categories that are assessed include liquidity, any management issues and security.

In addition the Manager considers:

- whether all payments have been made as and when they were due
- that covenants have not been breached
- the latest valuation report and other relevant information
- sales, construction, security and any changes to management personnel
- the retirement village market

Impairment of loans has been estimated as nil (2018: nil).

**NOTE 3: FINANCIAL RISK MANAGEMENT**

The Fund is exposed to a variety of financial risks comprising:

- (a) Credit risk
- (b) Liquidity risk
- (c) Interest rate risk

Primary responsibility for identification and control of financial risks rests with the Directors of the Manager. The Directors of the Manager review and agree policies for managing each of the risks identified above.

The Manager uses different methods to measure and manage different types of risks to which it is exposed. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 CONTINUED

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

The Fund holds the following financial instruments:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets – amortised cost</b>		
Cash and cash equivalents	4,796,610	6,884,282
Receivables	451,305	293,630
Finance receivables	39,047,501	29,130,852
	<u>44,295,416</u>	<u>36,308,764</u>
<b>Financial liabilities – amortised cost</b>		
Un-allotted units	-	1,400,649
Payables	907,127	687,754
	<u>907,127</u>	<u>2,088,403</u>

**(a) Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial instruments that subject the Fund to credit risk consist primarily of cash, finance receivables and other receivables.

The Manager performs credit evaluations on all borrowers requiring advances. The Manager requires collateral or other security to support loans and advances, as set out in the Fund's Information Memorandum and Statement of Investment Policy and Objectives. The Directors of the Manager review all loans and any overdue loans are assessed on a regular basis.

The Manager reviews each loan against its internal risk matrix.

The categories that are assessed include liquidity, any management issues and security.

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Credit Risk (Continued)*

In particular, the Manager takes the following steps to manage this risk:

- Focusing on lending to operators with a track record of proven performance and who have a material stake in the entity.
- Undertaking extensive due diligence including assessing credit risk and the nature of any prior ranking securities.
- Restricting the term of loans to the Maturity Date of the Fund where practicable, and ensuring any loans comply with the Fund's lending criteria.
- Closely monitoring the performance of the entity and loan repayments.
- Refinancing the term of the loan, or enforcing our loan, if necessary. Refinancing a loan carries its own risks in that the possibility of future default increases. In addition, if a retirement or aged care operator requires refinancing in order to repay the loan and was unsuccessful in securing refinancing, this may impact the ability to meet the targeted distribution rate or pay the principal back when due.
- Reviewing valuation reports
- Reviewing current economic conditions
- Ensuring 60% LVR restriction.
- As required by the Trust Deed, all cash and cash equivalents are held with a New Zealand registered bank.

*Maximum Exposure to Credit Risk*

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in statement of financial position and notes to financial statements.

The Manager considers finance receivables to be low credit risk when they have a low risk of default and the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. To measure the expected credit losses, finance receivables have been grouped based on shared credit risk characteristics relating to arrears and loan to value ratio.

As a result of undertaking the procedures outlined above finance receivables are considered to have low credit risk.

After undertaking the procedures outlined above and including reviewing credit risk characteristics relating to arrears, the loan to value ratio and considering forward-looking information on economic factors affecting the ability of borrowers to settle finance receivables there is no provision for impairment of financial assets (2018: nil).

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Credit Quality per Class of Financial Assets*

Exposures to credit risk are graded by an internal risk grade mechanism. High grade represents the strongest credit profile where a potential loss is least likely. Substandard grade represents the weakest credit profile where a potential loss is most likely. Standard grade represents the mid range credit profile where the directors believe a potential loss is unlikely. Past due loans are those where a counterparty has failed to make a payment when contractually due. Individually impaired loans are those where some potential loss is expected.

Cash and cash equivalents are designated as high grade and all other financial assets have been designated as standard grade.

*Collateral and Other Credit Enhancements*

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses. An independent valuation sought by a registered valuer prior to entering into the loan and then on an annual basis thereafter. In addition, quantity surveyors may also be provided during a development in order to substantiate work in progress amounts in a valuation.

All loans, with the exception of the loan to Whitby Village (2009) Limited and Palm Grove Partnership, are currently secured by first mortgage advances over retirement villages subject to a first ranking encumbrance registered in favour of the statutory supervisor.

Whitby Village (2009) Limited and Palm Grove Partnership are currently secured by second mortgage advances over the retirement village, and are subject to a first ranking encumbrance registered in favour of the statutory supervisor.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Risk concentrations of the Maximum Exposure to Credit Risk*

Concentrations of credit risk exist if a number of counterparties are involved in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

The fund has concentration risk as its assets are concentrated in a small number of loans, in a specific sector of the retirement village and aged care industry.

The Manager manages, limits and controls concentrations of credit risk, in particular, to individual retirement village and geographic location by monitoring on an ongoing basis and subject to annual or more frequent review, when considered necessary. However the Directors do not allocate asset investment to specific geographic areas but focus on the demographic demand within the catchment area for each retirement village.

99% (2018: 99%) of the Fund's loans are to the retirement village industry and 1% (2018: 1%) are to the Fund's Manager.

The table below shows the maximum exposure to credit risk for finance receivables by geographical region:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Auckland	3,731,574	3,531,411
Rest of North Island	26,574,567	18,699,441
South Island	8,741,361	6,900,000
	<u>39,047,501</u>	<u>29,130,852</u>

**(b) Liquidity risk**

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities.

The Fund's intention is to maintain sufficient funds to meet its commitments based on historical and forecasted cash flow requirements. Management's intention is to actively manage lending and borrowing portfolios to ensure net exposure to liquidity risk is minimised. The exposure is reviewed on an ongoing basis from daily procedures to monthly reporting as part of the Fund's liquidity management process.

Net assets attributable to unitholders will be due for repayment when the fund matures on 11 March 2021 or any earlier date at the Managers discretion.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

(b) *Liquidity risk (Continued)*

**Maturity analysis**

The tables below present contractual undiscounted cash flows payable to the Fund for financial instruments and unrecognised loan commitments based on contractual maturity (which is the same as expected maturity, refer to note 9 early repayment clauses).

<b>Year ended 31 March 2019</b>	<b>On demand \$</b>	<b>0-12 months \$</b>	<b>1-2 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying amount \$</b>
Cash and cash equivalents	4,796,610	-	-	4,796,610	4,796,610
Receivables	451,305	-	-	451,305	451,305
Finance receivables	-	17,380,175	28,210,365	45,590,540	39,047,501
Payables	(907,127)	-	-	(907,127)	(907,127)
<b>Net maturities</b>	<b><u>4,340,788</u></b>	<b><u>17,380,175</u></b>	<b><u>28,210,365</u></b>	<b><u>49,931,328</u></b>	<b><u>43,388,289</u></b>

<b>Year ended 31 March 2018</b>	<b>On demand \$</b>	<b>0-12 months \$</b>	<b>1-2 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying amount \$</b>
Cash and cash equivalents	6,884,282	-	-	6,884,282	6,884,282
Receivables	293,630	-	-	293,630	293,630
Finance receivables	-	7,238,241	28,552,365	35,790,606	29,130,852
Un-allotted units	(1,400,649)	-	-	(1,400,649)	(1,400,649)
Payables	(687,754)	-	-	(687,754)	(687,754)
<b>Net maturities</b>	<b><u>5,089,509</u></b>	<b><u>7,238,241</u></b>	<b><u>28,552,365</u></b>	<b><u>40,880,115</u></b>	<b><u>34,220,361</u></b>

The Directors have engaged with the Quail Ridge Country Club Limited in regard to entering into a new term loan agreement. Currently the loan, with contractual cash flows of \$10.5 million and a carrying value of \$9.9 million at 31 March 2019, is due to be repaid on 30 June 2019. The maximum facility is \$14million. Refer note 9 for further details.

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The only financial instruments that expose the Fund to interest rate risk are cash and cash equivalents. Any change in the bank interest rate would appear to be minimal in the current market and would have no marked effect on profit or equity.

The Fund's exposure to interest rate risk in relation to future cash flows and the weighted average interest rates on classes of financial assets and financial liabilities, is as follows:



SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(c) Interest rate risk (Continued)**

<b>2019</b>				
<b>Financial instruments</b>	<b>Interest bearing</b>	<b>Non-interest bearing</b>	<b>Total carrying amount</b>	<b>Weighted average interest rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Financial assets				
Cash and cash equivalents	4,796,610	-	4,796,610	1.5 %
Receivables	-	451,305	451,305	NA
Finance receivables	39,047,501	-	39,047,501	11.8 %
	<u>43,844,111</u>	<u>451,305</u>	<u>44,295,416</u>	
<b>2019</b>				
<b>Financial instruments</b>	<b>Interest bearing</b>	<b>Non-interest bearing</b>	<b>Total carrying amount</b>	<b>Weighted average interest rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Financial liabilities				
Payables	-	907,127	907,127	NA
	<u>-</u>	<u>907,127</u>	<u>907,127</u>	
<b>2018</b>				
<b>Financial instruments</b>	<b>Interest bearing</b>	<b>Non-interest bearing</b>	<b>Total carrying amount</b>	<b>Weighted average interest rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Financial assets				
Cash and cash equivalents	6,884,282	-	6,884,282	1.5 %
Receivables	-	293,630	293,630	NA
Finance receivables	29,130,852	-	29,130,852	11.3 %
	<u>36,015,134</u>	<u>293,630</u>	<u>36,308,764</u>	
<b>2018</b>				
<b>Financial instruments</b>	<b>Interest bearing</b>	<b>Non-interest bearing</b>	<b>Total carrying amount</b>	<b>Weighted average interest rate</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Financial liabilities				
Un-allotted units	-	1,400,649	1,400,649	NA
Payables	-	687,754	687,754	NA
	<u>-</u>	<u>2,088,403</u>	<u>2,088,403</u>	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)**

**(d) Fair values compared with carrying amounts**

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in statement of financial position and notes to financial statements.

**(e) Priority of creditors' claims in the event of the company liquidating or ceasing to trade**

The Fund has not granted any person any security interest in any of its property so there would be no priority of creditors' claims in the event of the Fund liquidating or ceasing to trade. All creditors would rank equally.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 4: REVENUE AND OTHER INCOME</b>		
<i>Revenue from financial instruments</i>		
Interest income		
Whitby Village (2009) Limited	1,562,240	635,379
Palm Grove Partnership	464,273	490,140
Quail Ridge Country Club Limited	1,269,341	724,228
Roys Bay Estate Limited	612,621	331,166
Arrowtown Lifestyle Retirement Village Joint Venture	461,126	184,532
Hauraki Village Limited	17,451	24,775
Senior Trust Management Limited	26,499	37,430
Bank	43,956	21,841
	<u>4,457,507</u>	<u>2,449,491</u>
Revenue from contracts with customers		
Registry income	64,126	157,544
Other income	65,000	19,524
	<u>129,126</u>	<u>177,068</u>
	<u>4,586,633</u>	<u>2,626,559</u>

*Disaggregation of revenue from contracts with customers*

The Fund derives registry income from the transfer of services at a point in time. Registry income is charged to unitholders when subscribing for units to cover the fees charged by NZX and other subscription costs.

The fund operates in one geographical area – New Zealand.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 5: OPERATING PROFIT</b>		
Profit before income tax has been determined after:		
<i>Administration and compliance expense</i>		
- Administration expenses	45,571	55,388
- Compliance expenses	198,499	264,951
- Management fees (refer note 14)	1,383,789	758,689
- Trustee fees	25,465	17,250
	<u>1,653,324</u>	<u>1,096,278</u>
Remuneration of auditors for:		
<i>William Buck Audit (NZ) Limited</i>		
Audit and assurance services		
- Audit of the financial statements	23,000	23,000

*Trustee's Fees*

The Trustee's remuneration for carrying out the Trustee's functions in relation to the Fund is an annual fee agreed from time to time between the Manager and the Trustee. Until agreed otherwise, the Trustee's fee is \$25,465 (2018: \$17,250) per annum. The Trustee's fee accrues from day to day and is payable by the Trustee out of the assets of the Fund quarterly within 14 days of each Distribution Date. In addition, the Trustee is entitled to charge special fees for services of an unusual or onerous nature outside the Trustee's regular services. There is no limit to the amount of special fees that may be charged.

The Trustee's annual fee cannot be increased unless agreed with the Manager and provided the Trustee gives 3 months' notice of the increase to all Unit holders. There is no maximum amount for the Trustee's fee.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 6: INCOME TAX</b>		
<b>(a) Components of tax expense</b>		
Current tax	822,676	428,563
Deferred tax	(1,350)	(84)
	<u>821,326</u>	<u>428,479</u>
<b>(b) Prima facie tax payable</b>		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before income tax at 28.0% (2018: 28.0%)		
	<u>821,326</u>	<u>428,479</u>
Income tax expense attributable to profit	<u>821,326</u>	<u>428,479</u>
<b>(c) Deferred tax</b>		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Accruals	<u>8,264</u>	<u>6,914</u>
Net deferred tax assets	<u>8,264</u>	<u>6,914</u>
<b>(d) Imputation credit account</b>		
Balance at beginning of the year	100,999	63,552
Movement	(16,331)	37,357
Balance at end of the year	<u>84,668</u>	<u>100,909</u>
<b>NOTE 7: CASH AND CASH EQUIVALENTS</b>		
Applications account	331,429	1,404,332
Funding account	4,465,111	5,479,947
Current Account	70	3
	<u>4,796,610</u>	<u>6,884,282</u>

Cash and cash equivalents are short term funds held with New Zealand registered banks. The application and funding bank accounts are held by the Supervisor, The New Zealand Guardian Trust, on behalf of the Fund. Both accounts bear interest on 1.5% (2018: 1.5%) per annum. The current account is non interest bearing.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8: RECEIVABLES</b>		
CURRENT		
Accrued interest	395,794	283,630
Other receivables		
Accrued interest - Senior Trust Management Limited	5,511	-
Funds receivable	<u>50,000</u>	<u>10,000</u>
	<u>55,511</u>	<u>10,000</u>
	<u>451,305</u>	<u>293,630</u>

*Funds receivable*

At 31 March 2019 \$50,000 was receivable from an investor (2018: \$10,000 was held at Link Market Services - registry provider to the fund). This was non-interest bearing and unsecured. The money was received by the Fund on 23 April 2019 (2018: 3 April 2018).

**NOTE 9: FINANCE RECEIVABLES**

CURRENT

*Amounts receivables from:*

- Palm Grove Partnership	3,453,719	-
- Quail Ridge Country Club Limited	9,924,851	-
- Senior Trust Management Limited	138,927	104,195
- Hauraki Village Limited	-	202,075
- Roys Bay Estate Limited	-	3,500,000
	<u>13,517,497</u>	<u>3,806,270</u>

NON CURRENT

*Amounts receivables from:*

- Whitby Village (2009) Limited	16,649,716	9,533,254
- Palm Grove Partnership	-	3,149,362
- Quail Ridge Country Club Limited	-	8,964,112
- Roys Bay Estate Limited	8,741,361	-
- Arrowtown Lifestyle Retirement Village Joint Venture	-	3,400,000
- Senior Trust Management Limited	138,927	277,854
	<u>25,530,004</u>	<u>25,324,582</u>

**NOTE 9: FINANCE RECEIVABLES (CONTINUED)**

***Senior Trust Management Limited***

The loan to Senior Trust Management Limited, the Fund Manager, expires on 14 January 2021. The loan earns interest at a rate of 8% per annum.

The loan shall be repaid in 20 equal quarterly installments, or earlier at the managers discretion, being sufficient to fully repay the loan by no later than 14 January 2021. Accrued interest on the outstanding balance of the loan is payable on each quarterly repayment date. The first repayment date was 14 April 2016; thereafter payments are to be made every 3 months on 14th of the month until 14 January 2021 when any outstanding loan and interest shall be repaid in full. In the event that the maturity date or the termination date of the Senior Trust Retirement Village Listed Fund is earlier than 11 March 2021, Senior Trust Management Limited will make the necessary adjustments to each quarterly installment amount such that the loan is repaid in equal quarterly installments sufficient to ensure that the loan will be fully repaid on or before the maturity date.

The loan is secured by Senior Trust Management Limited assigning to Senior Trust Retirement Village Listed Fund by way of security all of its right, title and interest to all amounts payable to Senior Trust Management Limited as management fees pursuant to the Master Trust Deed or the Establishment Deed.

***Whitby Village (2009) Limited***

The loan to Whitby (2009) Limited (Whitby) was amended in November 2018 to increase the maximum amount available for drawdown from \$15,000,000 to \$19,000,000. The loan expires 28 February 2021. The loan earns interest at the following rates:

- 10.0% per annum on and from the first drawdown date until 31 December 2017
- 11.0% per annum from 1 January 2018 until the expiry date

In the prior year the Fund co-lent with the Senior Trust Retirement Village Fund - Portfolio E to the borrowers on arms length terms and in accordance with a security sharing deed whereby both funds shared proportionate to their contributions in the first mortgage and other securities provided by the borrowers subject to a first ranking encumbrance registered in favour of the statutory supervisor. Senior Trust Retirement Village Fund - Portfolio E terminated on 31 March 2018 and Whitby repaid the loan from Senior Trust Retirement Village Fund - Portfolio E in full prior to termination.

The Fund has a second ranking mortgage behind a bank, which is also subject to a first ranking encumbrance registered in favour of the statutory supervisor.

Repayment clauses:

(a) Prepayment from sales - Subject to the terms of the facility agreements, with the exception of sales of existing occupancy licenses, borrowings outstanding from time to time shall be reduced from 100% of the net proceeds (including deposits) of sale of occupation licences or lease in connection with the Property or the Development (subject to earlier repayment being required under the terms of the Agreement and without prejudice to the Lender's rights under the Security Documents). In certain circumstances, the BNZ bank also has the right to retain any sales proceeds.

(b) Final repayment - The loan is to be repaid in full on the expiry date of 28 February 2021.

Fees are not charged on undrawn facilities.

**NOTE 9: FINANCE RECEIVABLES (CONTINUED)**

***Whitby Village (2009) Limited (Continued)***

The loan securities are as follows:

- registered all obligations second mortgage over the village property subject to a first ranking encumbrance registered in favour of the statutory supervisor
- general security agreement from Whitby Village (2009) Limited
- unlimited guarantee and indemnity from Whitby Lakes (2014) Limited and
- unlimited guarantee and indemnity from Twenty Twenty Property Partners Limited

The BNZ Bank has the following security:

- registered all obligations first mortgage over the village property subject to a first ranking encumbrance registered in favour of the statutory supervisor
- Guarantee for the amount of \$6,100,000 plus interest and costs from Whitby Lakes (2014) Limited
- Guarantee for the amount of \$6,100,000 plus interest and costs from Twenty Twenty Property Partners Limited
- Security Sharing and Priority Deed

The estimated collateral value of the security over the loan is \$56 million (2018: \$39.3 million), consisting of \$56 million (2018: \$33.8 million) based on a valuation at 31 March 2019 performed by a registered valuer and nil (2018: \$5.5 million) based on a Quantity Surveyors estimate of work in progress. Including all prior ranking security (the BNZ Bank prior ranking debt of \$12.2 million (2018: \$10.2 million)), this represents a LVR of 52% (2018: 50%). The valuation was determined by quantifying the interest in the underlying freehold asset expressed as the Operator's interest subject to the terms of occupancy between the operators and residents. In the prior year the value of the work in progress for stage 5 of the development was calculated by a quantity surveyor. In the current year this was included in the valuation.

Valuation of the Operator's interest in the village has been performed based on a discounted cash flow methodology where the projected gross income is reduced by actual and forecasted non recoverable costs. The future cash flows expected to be generated from the Operator's interest have been discounted to the valuation date at a discount rate reflecting the risk of the Operator's interest. Significant assumptions used by the valuer include a discount rate of 14% (2018: 14%). Other assumptions used by the valuer include current unit pricing, turnover of units, growth rates and non recoverable expenses and income and expense flows. In addition to the Operator's interest of \$44.2 million (2018: \$30.5 million) the valuation consists of unsold primary stock (apartments), basement car parks and development land.

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2018: nil).

**NOTE 9: FINANCE RECEIVABLES (CONTINUED)**

***Palm Grove Partnership***

The loan to Palm Grove Partnership is considered a related party transaction. STC Orewa Limited is a partner in the Palm Grove Partnership and is a wholly owned subsidiary of Senior Trust Capital Limited. Senior Trust Capital Limited is associated to Senior Trust Retirement Village Listed Fund as Senior Trust Capital Limited has common shareholders with its Manager, Senior Trust Management Limited. The Manager's sole shareholders are John Jackson and Dadrew Trustees Limited, of which John Jackson, the Executive Director of Senior Trust Capital, is the sole shareholder.

On 20 September 2018 the loan with Palm Grove Partnership was restructured. Prior to the restructure the Fund had a first ranking mortgage over Palm Grove Partnership's property subject to the statutory supervisor's first ranking encumbrance. Subsequent to restructure the Fund has a second ranking mortgage over Palm Grove Partnership's property subject to the statutory supervisor's first ranking encumbrance. The Fund received loan redocumentation income of \$65,000. There have been no other changes to the terms of the loan. Senior Trust Capital Limited has third mortgage security over the land on which the Palm Grove Retirement Village is situated in Orewa, which is subject to a first ranking encumbrance registered in favour of the statutory supervisor.

These loans are Permitted Related Party Transactions under Section 174 of the Financial Market Conduct Act 2013 as the loans provided to Palm Grove Partnership are on arm's length terms. Palm Grove Partnership and Senior Trust Retirement Village Listed Fund are connected only by these loans and each party is acting in its own best interest.

The loan expires on 30 November 2019. The loan earns interest at a rate of 14.75% per annum and is expected to be repaid in full.

Repayment clauses:

- (a) Prepayment from sales - Subject to the terms of the Security Sharing and Priority Deed, the Term Loan Agreement and the Lease, borrowings outstanding from time to time shall be reduced from 100% of the net proceeds (including deposits) of sale of occupation licences or lease in connection with the Property or the Development or the lease received by Aegis Orewa Limited (subject to earlier repayment being required under the terms of the Agreement and without prejudice to the Lender's rights under the Security Documents).
- (b) No prepayment - Subject to (a) above, the Borrower may not prepay the whole or any part of the loan prior to 30 November 2019.
- (c) Remaining payments - Subject to (b) above, if the Borrower prepays part of the loan then interest will continue to accrue at the interest rate on the remaining unpaid balance of the moneys owed and interest and the balance of the moneys owed will otherwise be payable at the times and in the manner as provided for in the loan agreement.
- (d) Final repayment - The loan is to be repaid in full on the expiry date of 30 November 2019.



**NOTE 9: FINANCE RECEIVABLES (CONTINUED)**

***Palm Grove Partnership (Continued)***

The loan securities are as follows:

- second ranking mortgage over the property subject to a first ranking encumbrance registered in favour of the statutory supervisor
- general security agreement from Palm Grove Partnership, STC Orewa Limited and Orewa Village Limited
- guarantee and indemnity from STC Orewa Limited and Orewa Village Limited
- limited guarantee and indemnity from AOL Holdings Limited
- specific agreement over shares from AOL Holdings Limited

The estimated collateral value of the security over the loan is \$19.6 million (2018: \$6.4 million), consisting of \$8.7 million (2018: \$6.4 million) based on a valuation at 31 March 2019 performed by a registered valuer and \$10.9 million (2018: nil) based on a Quantity Surveyors estimate of work in progress. Including all prior ranking security (the BNZ Bank prior ranking debt of \$6.4 million (2018: nil)), this represents a LVR of 50% (2018: 49%). The valuation was determined by quantifying the interest in the underlying freehold asset expressed as the Operator's interest subject to the terms of occupancy between the operators and residents and the value of the work in progress by a quantity surveyor.

Valuation of the Operator's interest has been performed based on a discounted cash flow methodology whereby the future cash flows expected to be generated from the Operator's interest have been discounted to the valuation date at a discount rate reflecting the risk of the Operator's interest. Significant assumptions used by the valuer include a discount rate of 16% (2018: 16%). Other assumptions used by the valuer include current unit pricing, turnover of units, growth rates and non recoverable expenses and income and expense flows. In addition to the Operator's interest of \$3.2 million (2018: \$3.8 million) the valuation consists of development land of \$5.5 million (2018: \$2.6 million).

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2018: nil).

***Quail Ridge Country Club Limited***

Quail Ridge Country Club Limited (Quail Ridge) has the following loan facilities totalling \$14,000,000:

- \$2,000,000 that expires no later than 30 June 2019 and earns interest at a rate of 10.25% per annum
- \$11,000,000 that expires no later than 30 June 2019 and earns interest at a rate of 12.25% per annum
- \$1,000,000 that expires no later than 30 June 2019 and earns interest at a rate of 10.25% per annum

In the prior year the loans were jointly held by Senior Trust Retirement Village Listed Fund and Senior Trust Retirement Village Fund – Portfolio E, as Lenders. The Fund agreed to acquire the outstanding loans owed to Portfolio E under the co-lending arrangements. The consideration paid by the Fund to Portfolio E was the amount owing to Portfolio E under the loans on settlement date.

Repayment clauses:

(a) Prepayment from sales - Subject to the terms of the Security Sharing and Priority Deed and the Term Loan Agreement, borrowings outstanding from time to time shall be reduced from 100% of the net proceeds (including deposits) of sale of occupation licences or lease in connection with the Property or the Development (subject to earlier repayment being required under the terms of the Agreement and without prejudice to the Lender's rights under the Security Documents).

**NOTE 9: FINANCE RECEIVABLES (CONTINUED)**

***Quail Ridge Country Club Limited (Continued)***

Repayment clauses (Continued):

(b) Remaining payments - Subject to (a) above, at any time after 1 January 2019 the Borrower may prepay the whole or any part of the loan in multiples of \$1,000 on giving not less than 90 days' prior written notice to the Manager with a copy of the Lender. If less than 90 days' notice is given then Quail Ridge shall pay to the Lender, in addition to interest on the sum prepaid to the date of that prepayment, a prepayment penalty equivalent to an amount of up to 90 days interest on the sum prepaid (as reasonably determined by the Lender to compensate the Lender for its costs on early repayment). Amounts prepaid may not be redrawn except with the consent of the Lender.

(c) Final repayment - The loans are to be repaid in full on the expiry date of 30 June 2019.

The Directors have engaged with the Borrowers in regards to entering into a new term loan agreement. The Board are undertaking due diligence to ensure that entering into an agreement continues to align with the investment objectives of the Fund and is in the beneficial interests of the unitholders.

The loan securities are as follows:

- by first ranking mortgage over the property situated at 6 Karaka Drive, Kerikeri subject to a first ranking encumbrance registered in favour of the statutory supervisor
- by first ranking mortgage over the property situated at 82 Rainbow Falls Road, Kerikeri
- general security agreement from Kerikeri Falls Investments Limited
- unlimited guarantee and indemnity from Donald James Cottle, Jill Noeline Cottle and Kerikeri Falls Investments Limited

The collateral value of the security over the loans is \$24.3 million (2018: \$18.0 million) which represents a LVR of 41% (2018: 49%). The fair value of the collateral was based on a valuation performed by a registered valuer dated 31 March 2019. The valuation was determined by quantifying the interest in the underlying freehold asset expressed as the Operator's interest subject to the terms of occupancy between the operators and residents.

Valuation of the Operator's interest has been performed based on a discounted cash flow methodology whereby the future cash flows expected to be generated from the Operator's interest have been discounted to the valuation date at a discount rate reflecting the risk of the Operator's interest. Significant assumptions used by the valuer include a discount rate of 14% (2018: 14%). Other assumptions used by the valuer include average resale period, growth rates, refurbishment costs and estimated selling expenses.

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2018: nil).

**NOTE 9: FINANCE RECEIVABLES (CONTINUED)**

***Roys Bay Estate Limited***

A new loan agreement with Roys Bay Estate Limited (Roys Bay) commenced 3 December 2018. The maximum drawdown is \$14,000,000. The loan earns interest at a rate of 12.5% per annum. The loan expires no later than 28 February 2021.

In the prior year the loan to Roys Bay was for \$3,500,000 and expired no later than 31 March 2019. The loan earned interest at a rate of 12.5% per annum.

In the prior year the loan was jointly held by Senior Trust Retirement Village Listed Fund and Senior Trust Retirement Village Fund – Portfolio E, as Lenders. The Fund agreed to acquire the outstanding loans owed to Portfolio E under the co-lending arrangements. The consideration paid by the Fund to Portfolio E was the amount owing to Portfolio E under the loans on settlement date.

Repayment clauses:

(a) Prepayment from sales - Subject to the terms of the Security Sharing and Priority Deed and the Term Loan Agreement, borrowings outstanding from time to time shall be reduced from 100% of the net proceeds (including deposits) of sale of occupation licences or lease in connection with the Property or the Development (subject to earlier repayment being required under the terms of the Agreement and without prejudice to the Lender's rights under the Security Documents).

(b) Final repayment - The loan is to be repaid in full on the expiry date of 28 February 2021.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 9: FINANCE RECEIVABLES (CONTINUED)**

***Roys Bay Estate Limited (Continued)***

The loan securities are as follows:

- by first ranking mortgage over the property subject to a first ranking encumbrance registered in favour of the statutory supervisor
- general security agreement from Roys Bay Estate Limited
- unlimited guarantee and indemnity from Anthony Charles Russell Hannon and Christopher Alan Holmes

The collateral value of the security over the loans is \$16.8 million (2018: \$11.0 million), excluding GST, which represents a LVR of 52% (2018: 31%). The fair value of the collateral was based on a valuation performed by a registered valuer dated 31 March 2019.

Valuation of the Operator's interest has been performed based on sales data, cost estimates, comparable sales and valuation calculations.

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2018: nil).

**Arrowtown Lifestyle Retirement Village Joint Venture**

The loan to Arrowtown Lifestyle Retirement Village Joint Venture was repaid during the year.

**Hauraki Village Limited**

The loan to Hauraki Village Limited was repaid during the year.

**NOTE 10: PAYABLES**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	2,123	-
<i>Sundry creditors and accruals</i>		
Accrued distribution to investors	496,077	385,767
Un-allotted subscriptions	-	1,400,649
Accrued expenses	408,927	301,987
	<u>907,127</u>	<u>2,088,403</u>

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 11: TRUST FUNDS</b>		
Issued and paid-up units		
Capital as yet unallocated / (overallocated)	<u>42,843,442</u>	<u>34,026,413</u>

Units are issued at the issue price. The issue price of a unit is the net asset value per unit as at the relevant valuation date on which the units are issued. All units have a common maturity date on 11 March 2021. On maturity, the Fund will be wound up and net assets will be distributed to unitholders. Units are not redeemable by the holders. The manager has the right to redeem units in accordance with the offer documents.

	<b>2019</b>		<b>2018</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
(a) Units				
Opening balance	34,026,413	34,026,413	15,808,555	15,808,555
Units issued:				
	<u>8,809,937</u>	<u>8,817,029</u>	<u>18,217,858</u>	<u>18,217,858</u>
At reporting date	<u>42,836,350</u>	<u>42,843,442</u>	<u>34,026,413</u>	<u>34,026,413</u>

**Capital management**

When managing capital, management's objective is to ensure the Fund continues as a going concern as well as to maintain optimal returns to unit holders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cashflows.

The Fund's policy is to target a 6% pre-tax distribution rate subject to maintaining the capital of the Fund. In order to maintain or adjust the capital structure the Fund may adjust the distribution rate. The Fund's strategy has remained unchanged from the previous year.

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 12: EARNINGS PER UNIT**

	<b>2019 cents</b>	<b>2018 cents</b>
Cents per unit		
Basic earnings per unit after tax	5.3	5.0
Diluted earning per unit after tax	5.3	5.0

The Fund's policy is a target distribution rate of 6% p.a. before tax subject to maintaining the capital of the Fund. Unitholders receive cash distributions net of tax however distributions are fully imputed.

Basic earnings per unit is calculated as profit after tax divided by the weighted number of issued units for the year.

Diluted earnings per unit is calculated as profit after tax divided by the weighted number of units plus any deferred units which are expected to be issued after balance date.

If basic earnings per unit and diluted earnings per unit were calculated using profit before tax then the results would be 7.3 (2018: 7.0) cents and 7.3 (2018: 7.0) cents respectively.

	2019 \$	2018 \$
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**Reconciliation of earnings used in calculating earnings per unit**

Profit attributable to the unitholders of the Fund used in calculating earnings per unit	<u>2,111,982</u>	<u>1,101,802</u>
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**Weighted average number of units used as the denominator**

Weighted average number of units used as the denominator in calculating basic earnings per unit	40,084,618	21,878,665
Weighted un-allotted units issued after balance date	<u>-</u>	<u>26,862</u>
Weighted average number of units and potential units used as the denominator in calculating diluted earnings per unit	<u>40,084,618</u>	<u>21,905,527</u>

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

	2019 \$	2018 \$
<b>NOTE 13: RELATED PARTY TRANSACTIONS</b>		
<b>(a) Amounts due from/(to) Senior Trust Management Limited</b>		
Finance receivables	277,854	382,049
Interest receivable	5,511	-
Management fees accrued and payable	(364,835)	(254,252)

Senior Trust Management Limited is the Manager of the Fund. Management fees charged by Senior Trust Management Limited are calculated on a weekly basis at an amount equal to 3% plus GST per annum of the aggregate issue price of all units of issue.

<b>(b) Amounts due from/(to) Palm Grove Partnership</b>		
Finance receivables	3,453,719	3,149,362
Interest receivable	43,266	38,726

STC Orewa Limited is a partner in the Palm Grove Partnership and is a wholly owned subsidiary of Senior Trust Capital Limited. Senior Trust Capital Limited is associated to Senior Trust Retirement Village Listed Fund as Senior Trust Capital Limited has common shareholders with its Manager, Senior Trust Management Limited. The Manager's sole shareholders are John Jackson and Dadrew Trustees Limited, of which John Jackson, the Executive Director of Senior Trust Capital, is the sole shareholder.

<b>(c) Transactions with Senior Trust Management Limited</b>		
Interest received	26,498	37,430
Recharge expenses paid	3,826	-
Management fees paid	1,383,789	758,689

<b>(d) Transactions with Palm Grove Partnership</b>		
Interest received	464,273	490,140
Redocumentation income	65,000	-

**(e) Transactions with Senior Trust Retirement Village Fund - Portfolio E**

Senior Trust Retirement Village Fund - Portfolio E and the Fund were both managed by the same Manager. In the prior year the Fund agreed to acquire the outstanding loans owed to Senior Trust Retirement Village Fund - Portfolio E under the co-lending arrangements. The consideration paid by the Fund to the Senior Trust Retirement Village Fund - Portfolio E for the acquisition of the loans was the amount owing to the Senior Trust Retirement Village Fund - Portfolio E under the loans at settlement date and is an amount the Manager would deem to represent an arms length transaction permitted under section 174(a)(i) of the Financial Markets Conduct Act 2013.

The loans acquired were:

- \$1,901,325 from Quail Ridge Country Club Limited
- \$1,028,229 from Roys Bay Estate Limited

SENIOR TRUST RETIREMENT VILLAGE LISTED FUND  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**NOTE 13: RELATED PARTY TRANSACTIONS (CONTINUED)**

**(f) Transactions with key management personnel**

Key management personnel are the directors of the Manager. There were no transactions with key management personnel during the year. Key management personnel hold a total of 9,400 (2018: 9,000) units in the Fund at the reporting date.

The Fund has no employees.

<b>2019</b>	<b>2018</b>
<b>\$</b>	<b>\$</b>

**NOTE 14: CASH FLOW INFORMATION**

**(a) Reconciliation of cash flow from operations with profit after income tax**

Profit from ordinary activities after income tax	2,111,983	1,101,802
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**Changes in operating assets and liabilities**

Increase in receivables	(117,675)	(154,007)
Increase in other assets	(108)	(14)
Increase in payables	109,063	139,951
Increase in income tax payable	139,558	69,009
Increase in deferred tax asset	(1,350)	(84)
Cash flows from operating activities	<u>2,241,471</u>	<u>1,156,657</u>

**NOTE 15: CAPITAL AND LEASING COMMITMENTS**

There are no material capital commitments at the reporting date (2018: nil).

**NOTE 16: CONTINGENT LIABILITIES**

The Fund has no contingent liabilities at year end (2018: nil).

**NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no other matter or circumstance, which has arisen since 31 March 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 31 March 2019, of the Fund, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 31 March 2019, of the Fund.

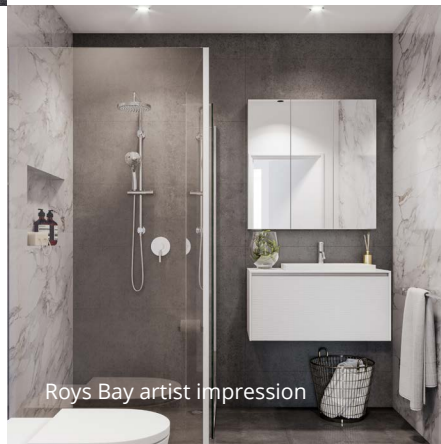




Quail Ridge



Palm Groove artist impression



Roys Bay artist impression



Whitby Village



Quail Ridge



Roys Bay artist impression

# Senior Trust Retirement Village Listed Fund 2019 Annual Report

## Details of the Scheme

The Scheme is the Senior Trust Retirement Village Listed Fund ("Fund") which is a managed investment scheme. The Manager of the Scheme is Senior Trust Management Limited. The supervisor of the Scheme is The New Zealand Guardian Trust Company Limited.

The offer of units in the Scheme were made under the exclusion for offers of financial products of the same class as quoted financial products in clause 19 of Schedule 1 of the FMCA. This means that there is no product disclosure statement for the Scheme. However, the Manager has issued an Information Memorandum which contains important information about the investment. The most recent Information Memorandum (29 January 2019) can be located on the Disclose register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH10491 and on the company website [www.seniortrust.co.nz](http://www.seniortrust.co.nz).

The Scheme's latest financial statements and the auditor's report were lodged with the Registrar on 28 May 2019.

## Description of the Scheme

The Fund makes loans to retirement and aged care operators. The loans made are used to establish new (or develop existing) retirement villages and aged care facilities. The loans made are secured by mortgages over the retirement villages' and aged care facilities' land and/or buildings. The Scheme was established under a master trust deed dated 19 October 2010 and an establishment deed dated 11 September 2015 (Deeds), with the provisions amended to meet the requirements of the Financial market Conducts Act 2013 on the 10 March 2016. The Fund was listed on the NZX Main Board on 3 December 2015.

## Information on Composition of the Scheme

- > This Annual Report covers the accounting period from 1 April 2018 to 31 March 2019.
- > The number of managed investment products on issue at the start of the accounting period was 34,026,413
- > The number of managed investment products on issue at the end of the accounting period was 42,836,350

## Changes Relating to the Scheme

Material changes to the nature of the Scheme, the Scheme property, or the management of the Scheme over the accounting period are as follows:

- There was a related party transaction (as defined in section 173 of the FMCA) entered into during the accounting period. The related party is Senior Trust Capital, which is associated with the Fund as it has common shareholders with the Manager, being John Jackson and Dadrew Trustees Limited, of which John Jackson, the Executive Director of Senior Trust Capital, is the sole shareholder

The loan with Palm Grove Partnership was restructured. Prior to the restructure the Fund had a first ranking mortgage over Palm Grove Partnership's property subject to the statutory supervisor's first ranking encumbrance. Subsequent to restructure the Fund has a second ranking mortgage over Palm Grove Partnership's property subject to the statutory supervisor's first ranking encumbrance. The Fund received loan redocumentation income of \$65,000. There have been no other changes to the terms of the loan. Senior Trust Capital Limited has third mortgage security over the land on which the Palm Grove Retirement Village is situated in Orewa, which is subject to a first ranking encumbrance registered in favour of the statutory supervisor.

- The Manager confirmed on the 22 March 2019, that the offer of units in the Fund has closed as the maximum number of units have been issued.
- Senior Trust Management Limited, in its capacity as the Manager of the Fund advised that it intends to comply with the NZX Listing Rules dated 1 January 2019 from 29 March 2019. The Fund will be an issuer of “fund securities” for the purposes of the new Listing Rules, and expects to no longer bear a non-standard designation following transition.
- The Fund entered into a facility with Roys Bay Estate Limited, to increase the maximum facility from \$3.5 million to \$14 million. The Fund has first mortgage security, subject to a first ranking encumbrance registered in favour of the statutory supervisor.
- The Fund is currently a second mortgage funder to Whitby Village (2009) Limited, which is also subject to a first ranking encumbrance registered in favour of the statutory supervisor. The Manager reached an agreement with the Borrower, to increase the maximum facility from \$15 million to \$19 million.
- Arrowtown Lifestyle Retirement Village (Arrowtown) repaid their facility in full during the period. The loan was up to a maximum of \$9m but no more than 60% of the LVR.
- Hauraki Village Limited repaid their facility in full during the period. The loan was up to a maximum of \$0.9m but no more than 60% of the LVR.

#### **Financial Condition and Performance of the Scheme**

As at 31 March 2019 the Scheme had current assets of \$18,772,772 and non-current assets of \$25,538,268 (total assets \$44,310,990) and total liabilities of \$1,168,552 (net assets \$43,142,438).

As at 31 March 2018 the Scheme had current assets of \$10,991,384 and non-current assets of \$25,331,496 (total assets \$36,322,880) and total liabilities of \$2,210,270 (net assets \$34,112,610).

During the accounting period, 8,817,029 units were issued either at \$1.00 or \$1.01. These funds were utilised in accordance with the Fund’s principal business activity which is to make loans secured over mortgages of retirement villages and aged care facilities, which has increased the scheme’s assets.

As at 31 March 2019, total comprehensive income for the period was \$2,111,983 and total distributions to unitholders were \$1,899,184 over the period.

As at 31 March 2018, total comprehensive income for the period was \$1,101,802 and total distributions to unitholders were \$1,064,250 over the period.

The targeted return for the Scheme is 6% per annum pre tax which was paid quarterly. The Fund paid distributions at a rate of 6.56% (pre-tax) per annum. The annual distribution rate is quantified using the quarterly distribution rates. Quarter 1 distributions were paid at the rate of 6.75% (pre-tax) per annum. Quarter 2, 3 and 4 distributions were paid at the rate of 6.5% (pre-tax) per annum.

You can find a copy of the Scheme’s financial statements, including information on distributions made by the Scheme, on the Disclose register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH10491.

## Fees

For the year ending 31 March 2019, the following fees and expenses were charged in respect of the Scheme in dollars and as a percentage of Scheme assets for the period:

Fees and Expenses Description	(\$)	As a Percentage of Scheme Assets
Management Fees	1,383,789	3.12%
Compliance expenses	198,499	0.45%
Administration expenses	45,571	0.10%
Trustee Fees	25,465	0.06%
<b>Total</b>	<b>1,653,324</b>	<b>3.73%</b>

For the year ending 31 March 2018, the following fees and expenses were charged in respect of the Scheme in dollars and as a percentage of Scheme assets for the period:

Fees and Expenses Description	(\$)	As a Percentage of Scheme Assets
Management fees	758,689	2.09%
Compliance expenses	264,951	0.73%
Administration expenses	55,388	0.15%
Trustee fees	17,250	0.05%
<b>Total</b>	<b>1,096,278</b>	<b>3.02%</b>

The Management Fees can be changed by Senior Trust Management Limited at any time on giving one month's notice to Unitholders.

The Supervisor's Fees can be changed by the Supervisor at any time on giving three months' notice to Unitholders. The Supervisor fees were increased from \$15,000 plus GST per annum to \$25,000 plus GST per annum, effective July 2018.

For more information in respect of the Fees, please refer to the Scheme's financial statements, on the Disclose register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH10491.

## Scheme Property

The following table contains a description of the assets of the Scheme as at 31 March 2019 and 31 March 2018 and their values.

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Cash and cash equivalents	4,796,610	6,884,282
Receivables	451,305	293,630
Finance receivables	13,517,497	3,806,270
Other assets	7,310	7,202
<b>Total current assets</b>	<b><u>18,772,722</u></b>	<b><u>10,991,384</u></b>
<b>Non-current assets</b>		
Finance receivables	25,530,004	25,324,582
Deferred tax assets	8,264	6,914
<b>Total non-current assets</b>	<b><u>25,538,268</u></b>	<b><u>25,331,496</u></b>
<b>Total assets</b>	<b><u>44,310,990</u></b>	<b><u>36,322,880</u></b>

There has been changes to the scheme property over the accounting period. The proceeds of allotments during the period has been predominately utilised to provide loan advances to retirement villages, which has increased Finance receivables.

The net assets of the scheme as at 31 March 2019 equal \$43,142,438

The net assets of the scheme as at 31 March 2018 equal \$34,112,610

## Changes to Persons Involved in the Scheme

There were no changes to the Manager, Directors of the Manager or key personnel.

There were no changes to the Supervisor (The New Zealand Guardian Trust Company Limited), or any of its directors.

It is noted that an associated entity of the Manager, Senior Trust Capital Limited, provides certain services to the Manager under the terms of a Management Services Agreement (MSA).

You can find a copy of the MSA on the Disclose register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH10491.

### **How To Find Further Information**

Copies of documents relating to the scheme, such as the scheme's deeds, statement of investment policy and objectives and the annual financial statements are available on the Disclose register at [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose), scheme number SCH10491.

You have the right, free of charge during normal office hours, to inspect that part of the unit register that relates to your units on giving 5 working days' notice to the Manager.

You also have the right, free of charge, on giving 5 working days' notice and during normal office hours, to inspect a copy of the scheme's deeds, statement of investment policy and objectives and annual financial statements at our registered office, which is located at;

Foley Hughes  
Level 1, 20 Beaumont Street  
Freemans Bay  
Auckland, 1110

You can also obtain a copy free of charge by writing to us at PO Box 113120, Newmarket, Auckland.

### **Contact details**

Manager:  
Senior Trust Management Limited  
Level 1, 20 Beaumont Street  
Freemans Bay  
Auckland, 1110  
Attention: John Jackson  
Telephone 0800 609 600

### **Supervisor:**

The New Zealand Guardian Trust Company Limited  
Level 6, 191 Queen St  
PO Box 106-448  
Auckland 1010  
Telephone 09 909 5100

### **Unit registrar**

Link Market Services  
Level 11, Deloitte Centre  
80 Queen Street  
Auckland 1010  
Telephone 09 375 5998

### **Complaints can be made to:**

Senior Trust Management Limited  
Level 1, 20 Beaumont Street  
Freemans Bay  
Auckland, 1110  
Attention: Directors  
Telephone 0800 609 600

or to:

The New Zealand Guardian Trust Company Limited  
Level 15, 191 Queen St  
PO Box 106-448  
Auckland 1010  
Telephone 09 909 5100

As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, we are a member of an approved dispute resolution scheme (registration number FSP146805). The scheme is operated by Financial Services Complaints Limited (FSCL). There is no charge to you for using FSCL's services.

### **FSCL's contact details are:**

Financial Services Complaints Limited  
PO Box 5967  
Lambton Quay Wellington 6145  
Telephone: 0800 347257 or (04) 472FSCL (472 3725)  
Fax: (04) 472 3727  
Website: [www.fscl.org.nz](http://www.fscl.org.nz)  
Email: [info@fscl.org.nz](mailto:info@fscl.org.nz)

There is no ombudsman to whom complaints about the Units can be made.



Palm Grove artist Impression



Roys Bay artist impression



Roys Bay artist impression



Senior Trust Retirement Village Listed Fund  
c/o: Foley Hughes Level 1, 20 Beaumont Street  
Freemans Bay, Auckland 1110  
Freephone: 0800 609 600  
Email: [info@seniortrust.co.nz](mailto:info@seniortrust.co.nz)  
[www.seniortrust.co.nz](http://www.seniortrust.co.nz)