

Information Memorandum

Senior Trust Management Limited

for an offer of units in

***Senior Trust Retirement  
Village Listed Fund***

Dated: 28 JUNE 2017

The Units in the Senior Trust Retirement Village Listed Fund will be issued in reliance on the exclusion for offers of financial products of the same class as quoted financial products in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013. 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. This Information Memorandum gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491. **You can also seek advice from a financial adviser to help you to make an investment decision.**

## 1 Key Information Summary

### What is this?

This is an offer of units (**Units**) in the Senior Trust Retirement Village Listed Fund (**Fund**). The Fund is established under a Master Trust Deed dated 19 October 2010 (as amended and consolidated on 11 September 2015 and 11 March 2016) (**Master Trust Deed**). Your money will be pooled with other investors' money and invested. Fund investors' money is kept separate from the money contributed by investors in any other funds and portfolios established under the Master Trust Deed. As at the date of this Information Memorandum this is the second fund established under the Master Trust Deed, with the Senior Trust Retirement Village Fund being the first fund established under the Master Trust Deed. Each fund and portfolio is treated by the Manager and the Supervisor as a separate and distinct fund or portfolio with its separate assets and liabilities.

### Who manages the scheme

Senior Trust Management Limited is the Fund's manager (**Manager**).

The Manager is licensed in accordance with the Financial Markets Conduct Act 2013 (**FMCA**) to act as a manager for the Senior Trust Managed Investment Funds.

See more about the Manager and others involved in the Fund in section 10 'About Senior Trust Management Limited and others involved in the Senior Trust Retirement Village Listed Fund'.

The Manager is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market. That information can be found by visiting [www.nzx.com/companies/SRF](http://www.nzx.com/companies/SRF).

*Any reference to 'us', 'our', 'we' refers to the Manager.*

### What are you investing in

The Manager's main business is managing the Fund and any other funds and portfolios established under the Master Trust Deed. Your investment in the Fund will primarily be used to lend money in the form of loans to the entities that own and operate Retirement Villages and Aged Care Facilities (**retirement and aged care operators**). The loans made by the Fund are described in further details on pages 11, 12 and 13 of this document.

A fee is payable to the Manager out of the assets of the Fund for services provided by the Manager to the Fund. The fees payable by you are described in further detail on page 6 of this document. By investing in this Fund, you are relying on the investment decisions of the Manager and returns from the assets that the Fund invests in. The purpose of the offer is to raise money to enable the Manager to lend money to existing and new retirement and aged care operators as determined by the Manager. There is a risk that you may lose some or all of your investment in the Fund. The risks associated with investing in the Fund are described in more detail on pages 5 and 6 of this document.

This will enable the retirement and aged care operators to establish new, or develop existing, Retirement Villages and Aged Care Facilities. See more in section 2 'What the Senior Trust Retirement Village Listed Fund invests in'.

## Key terms of the offer

Description of product	Units in a Unit Trust
<b>Price</b>	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 Day on which the Units are issued. Investors can contact the Manager at any time to find out the Issue Price for the previous Valuation Date
<b>Offer opened</b>	11 September 2015.
<b>Offer closes</b>	11 March 2020, or the date on which a maximum of 45 million Units have been issued, whichever is the earlier.
<b>Minimum Investment</b>	You must make an initial minimum investment of \$100 with increments of \$100 thereafter.
<b>Issue date</b>	Your Units will be issued on a Valuation Day which is by at least the last Business Day of the month.
<b>Listing and Quotation date</b>	The Fund was listed, and the Units in the Fund quoted, on the NZX Main Board on 3 December 2015. However, NZX accepts no responsibility for any statement in this information Memorandum. The NZX Main Board is a licensed market operated by NZX, a licensed market operator regulated under the FMCA.
<b>Distribution Dates</b>	The Distribution Dates will be 31 March, 30 June, 30 September and 31 December in each year until the Maturity Date, with distributions being paid within 14 days of each Distribution Date.
<b>Maturity Date</b>	11 March 2021, or any earlier date at our sole discretion (for example, if a loan is repaid earlier than expected). The Manager will restrict the term of loans to the Maturity Date of the Fund where practicable to assist the Fund in meeting its repayment obligations on the Maturity Date. Please also refer to the section 'Redemptions' on pages 23 and 24.

Prospective investors wishing to apply for Units must apply to the Manager on the Application Form found at the back of this document. Application moneys are held in a separate bank account until the application is accepted and units are allotted, or the money is returned. The Manager may, in its absolute discretion, accept or refuse or accept in whole or in part any application and the Manager is not required to give any reason for such refusal. If the Manager refuses an application, the subscription moneys will be returned to the prospective investor within 5 Business Days. No interest is payable on subscription moneys.

## How can you get your money out

Units will be redeemed on the Maturity Date, or earlier at our sole discretion. Unitholders have no right to require us to redeem their Units prior to the Maturity Date.

The Fund was listed, and the Units in the Fund quoted, on the NZX Main Board on 3 December 2015. This means that you will be able to offer your Units for sale on the NZX Main Board by using an NZX Firm if there are interested buyers (see page 32 for a description of arrangements made to facilitate sale of units). This may involve brokerage costs, which may vary between NZX Firms. On selling your Units, you will receive the prevailing market price, less any brokerage costs.

### Key drivers of our financial success

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We consider the following current and future aspects of our business have, or may have, the most impact on the Fund's financial performance:

- 1 Attracting subscriptions from unit holders in order to be able to make loans to, retirement and aged care operators.
- 2 Identifying suitable retirement and aged care operators to lend to, in order to achieve our targeted income distribution rate.
- 3 A softening demand for loans due to a decline in the rate of expansion of the retirement village sector. See section 5 'How the Senior Trust Retirement Village Listed Fund works' for more information.

The key strategies and plans we have in place for these aspects of our business are:

- 1 Consistently meeting our targeted returns for our unit holders through careful selection and management of loans to retirement and aged care operators.
- 2 Identifying and investing in retirement and aged care operators who are experienced and capable, and hold a material financial interest in their business.
- 3 Identifying retirement aged care operators with Retirement Villages or Aged Care Facilities in locations with proven demographic demand.

### Performance of the Fund

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The performance of the Fund can be measured using the following indicators:

#### Income generated through lending opportunities

The Fund's primary source of income is interest received from loans. Our objective is to lend to retirement and aged care operators in a way that protects the value of the Units, as well as enabling us to pay a consistent, reliable and attractive return to our Unitholders at the targeted distribution rate of 6% per annum (before tax) (**Targeted Distribution Rate**).

The Fund's aim is to identify lending opportunities in accordance with the Statement of Investment Policy and Objectives (**SIPO**) (which can be located on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491). Performance can be measured by determining whether the resultant activity of the Fund generates positive retained earnings whilst delivering a return to Unitholders at the Targeted Distribution Rate.

#### Net Asset Value

In addition to income generated, the value of the Fund will be influenced by the level of expenses and the fair value of the loans. In the event that a borrower is unable to repay a loan this will adversely impact the value of the Fund, the ability of the Fund to meet the Target Distribution Rate and the ability for the Fund to repay you your original investment.

The Fund's aim is to maintain the Net Asset Value per Unit at \$1.00. The Net Asset Value per Unit is determined by taking the gross asset value of the Fund deducting all liabilities of the Fund and income earned but not distributed, and dividing the result by the number of Units on issue.

The gross asset value means, in respect of the Fund, and in respect of each Valuation Day, such sum as is ascertained and fixed by the Manager being the aggregate of:

- the Market Value of the Investments of the Fund on that Valuation Day; and
- any income accrued or payable in respect of the Fund on that Valuation Day but not included in such Market Value;

### **Targeted Distribution Rate**

The Fund's performance can also be measured by the extent to which it achieves, on an ongoing basis, the Targeted Distribution Rate of 6% per annum (before tax).

It is important to note that, like the Net Asset Value per Unit, the Targeted Distribution Rate is not guaranteed and is ultimately linked to the performance of the loans that the Fund makes.

You can find further financial information in section 6 'Senior Trust Retirement Village Listed Fund's financial information'. Copies of the Fund's financial statements are available on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491.

### **Key risks of this investment**

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Investments in managed investment schemes are risky. You should consider whether the degree of uncertainty about the Fund's future performance and returns is suitable for you. Senior Trust Management Limited considers that the most significant risk factors that could affect the value of your Units and any distribution you receive are provided below.

- **Concentration risk:** our assets will be concentrated in a small number of loans, in a specific sector of the Retirement Village and aged care industry. This means that a failure or unfavourable performance of any one or more individual loans, an industry-wide downturn or a downturn of the residential property market generally are likely to have a significant adverse impact.
- **Security position risk:** the loans we make to retirement and aged care operators may rank behind the prior security rights of the operator's statutory supervisor (if there is one) and money lent to them by another financier(s) such as a bank. This means that if the operator gets into financial difficulties, we will not be paid until the statutory supervisor or other financier(s) have been paid first.
- **Credit risk:** the Fund's assets will consist of loans to retirement or aged care operators. This means that if the operator were unable to pay the agreed interest or to pay the capital back when due, this would adversely impact our ability to provide returns for our own Unitholders and to achieve our objectives.
- **Lending risk:** if the Manager is unable to identify lending opportunities which adhere to the Fund's lending criteria, this may have an impact on the Fund being able to meet the targeted distribution rate.
- **Refinancing Risk:** Fund's assets will consist of loans to retirement or aged care operators. That means that if an operator requires refinancing in order to repay the loan

and was unsuccessful in securing refinancing, this may impact our ability to meet the targeted distribution rate or pay the principal back when due.

- **People and capability risk:** key directors and senior managers, in whose ability to select and manage investments may leave or may select investments that fail to meet the Fund's investment objectives.

This summary does not cover all of the risks. You should also read section 7 'Risks to returns from the Senior Trust Retirement Village Listed Fund'. Which provides further information and details our risk management approach.

### What Fees will you pay?

The table below summarises the estimated fees and expenses that will be charged to the Fund. The estimates are based on the number of Units on issue at the relevant time:

Issued Units	20,000,000		30,000,000		45,000,000	
Fees	\$	%	\$	%	\$	%
Management Fees	690,000	3.5%	1,035,000	3.5%	1,552,500	3.5%
Listing and Registrar	161,952	0.8%	204,035	0.7%	235,753	0.5%
Supervisor	17,250	0.1%	17,250	0.1%	17,250	0.0%
Other	115,900	0.6%	115,900	0.4%	115,900	0.3%
Total	985,102	4.9%	1,372,185	4.6%	1,921,403	4.3%

The estimates used in the table above assume that Units are on issue for the full year, which may not be the case. In regards to the current units on issue, this can be found by visiting [www.nzx.com/companies/SRF](http://www.nzx.com/companies/SRF).

The fee table does not include additional fees that are payable by Unitholders, based upon the value of Units that are allotted to them. Further information can be found below under the heading 'Fees paid by Unitholders'.

As the Fund is not registered for GST (goods and services tax), it is unable to claim GST on expenses incurred.

The percentages are rounded to one decimal place.

### Fees paid by the Fund

#### Management Fees

The Manager will charge an annual fee for its services in managing the Fund. The Manager's fee accrues from day to day and, subject to any rescheduling of the fee (as detailed in section 8), is payable out of the assets of the Fund quarterly within 14 days of each Distribution Date.

#### Listing and Registrar

NZX charges an annual fee payable for listing on the NZX Main Board. This fee is payable annually in each July for the prospective 12 months to 30 June. Subsequent NZX fees are calculated in relation to the allotment of additional units. Fees are also payable to the registrar relating to maintenance of the registry and transactional services. Registrar fees are related to the number of transactions undertaken on the Funds behalf.

#### Supervisor Fees

The Supervisor charges an annual fee for carrying out its functions in relation to the Fund. The Supervisor's fee accrues from day to day and is payable out of the assets of the Fund quarterly within 14 days of each Distribution Date. The Supervisor is also entitled to charge special fees for services of an unusual or onerous nature outside the Supervisor's regular services.

### ***Other Fees and Expenses***

These include accountancy, audit, legal, compliance, investor communication, bank charges and other incidental costs.

### **Fees paid by Unitholders**

When Unitholders subscribe for Units they will pay a subscription fee to the Fund to meet fees charged by NZX and other subscription costs which are based on the value of additional Units issued. The subscription fee is 1% of the full subscription amount which will be deducted from the subscription amount and is only payable if Units are allotted to the applicant.

Unitholders can elect to use their Distribution payments to purchase Units up to the total amount of Units for which they originally subscribed. Any such election must be made in the application for those Units (see the Application Form in section 15). The Units will be allotted on the next issue date, which is at least monthly. A subscription fee will not be applicable to the additional Units allotted.

If you sell your Units in the NZX Main Board this may involve brokerage costs, which may vary between NZX Firms. On selling your Units, you will receive the prevailing market price, less any brokerage costs.

A more detailed description of the fees is provided in section 8 'What are the fees?'.

### **The fees can be changed**

The fees may change, as follows:

Management Fees:	By giving one month's notice to Unitholders.
Supervisor Fees:	By agreement with the Manager on giving three months' notice to Unitholders.
NZX Fees, Registry, Audit, Legal, Other:	By prior notice to the Manager.

### **How will your investment be taxed?**

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The Fund is a Listed Portfolio Investment Entity (**PIE**). This means that the Fund is taxed as a company, that is, it is subject to tax in its own right (which is currently 28%). Distributions to investors from the Listed PIE will have the tax on them imputed.

See section 9 'Tax' for more information.

## Contents

	<b>Page</b>
1. Key Information summary	2
2. What the Senior Trust Retirement Village Listed Fund invests in	9
3. Key dates and offer process	21
4. Terms of the offer	22
5. How the Senior Trust Retirement Village Listed Fund works	23
6. Senior Trust Retirement Village Listed Fund's financial information	28
7. Risks to returns from the Senior Trust Retirement Village Listed Fund	29
8. What are the fees?	33
9. Tax	35
10. About Senior Trust Management Limited and others involved in the Senior Trust Retirement Listed Village Fund	35
11. How to complain	38
12. Where you can find more information	39
13. How to apply	39
14. Glossary	40
15. Application form	43



## 2 What the Senior Trust Retirement Village Listed Fund invests in

### Statement of investment policies and objectives (SIPO)

The SIPO defines the investment policies and objectives which govern what investments the Fund is permitted to make. A copy of the SIPO can be located on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491.

The objective of the Fund is to deliver a return equal to or better than the Targeted Distribution Rate for the Fund (currently 6% per annum before tax). In seeking to achieve the Targeted Distribution Rate it is accepted that the risk profile of the Fund will be greater than New Zealand registered bank term deposits.

In seeking to achieve the above objectives the Fund will make loans secured over Retirement Villages and Aged Care Facilities. The Fund will likely be concentrated in a small number of loans to operators of Retirement Villages and Aged Care Facilities. Accordingly the Fund's investments will not be diversified.

The loans will generally be made to privately owned Retirement Villages and Aged Care Facilities which are seeking to refinance, expand existing operations or embark on the development of new facilities.

If the Manager is unable to source any lending opportunities that meet its lending criteria then the Fund may 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 & Poors (or an equivalent rating from another internationally recognised rating agency).

The Fund is restricted to lending to a maximum, continuous loan to value ratio (**LVR**) of 60% of the assessed value of the security, with the assessment based on a mortgage valuation by an independent registered valuer (approved by the Manager) who assesses the market value of the assets as security for the loan. For loans to operators of Retirement Village and Aged Care Facilities that are used for development purposes, Work-In-Progress (**WIP**) may be used to determine the assessed value of the security and may be taken into account when assessing whether the borrower is within the 60% LVR restriction. Where WIP is used in determining assessed value, work in progress reports certified by a Quantity Surveyor will also be required in order to substantiate the assessed value of security. The WIP reports provide an assessment of the value of the works completed on-site.

The valuation may also include an assessment of the completed value of the assets of a Retirement Village or Aged Care Facility which are under development (future completed value or 'FCV'). Where a Loan is required for development purposes and is subject to progressive drawdowns, the value will be assessed by measurement of the progress towards attainment of FCV.

The Manager must:

- Approve all investment decisions in accordance with the SIPO and disclosures in the offer documents for the Fund
- Establish and maintain criteria for the measurement of performance of the various loans made by the Fund
- Regularly review the SIPO in the light of industry and macro-economic conditions
- Report to the Supervisor of the Fund any material changes in the SIPO or in the loans advanced by the Fund

- Ensure the SIPO policies and procedures remain relevant in respect of prevailing economic conditions.

The loans we make to retirement and aged care operators are secured by mortgages over Retirement Village and Aged Care Facility land and/or property. The ranking of the security will depend on the circumstances of each individual loan. In some cases there may be other parties who have security interests that rank ahead of those held by us. However in all cases the maximum amount of debt including prior ranking charges must not exceed 60% of the independently assessed value of the asset charged. For more information on the risk of lending where there is a higher ranking security see section 7 'Risks to returns from the Senior Trust Retirement Village Listed Fund'.

### **Changes to the investment policy**

We, with the agreement of the Supervisor, may change the investment policy for the Fund provided that the Fund remains invested in Authorised Investments.

### **Changes to the Trust Deed**

We and the Supervisor may at any time make any amendment to the Trust Deed if:

- in the opinion of the Supervisor, the change is necessary to correct a manifest error or is of a formal or technical nature;
- in the opinion of the Supervisor, the change is necessary or desirable for the more convenient, economical or advantageous working, management or administration of the Fund or for safeguarding or enhancing the interests of the Fund or Unitholders and is not or not likely to become materially prejudicial to the general interests of the Unitholders under the Trust Deed;
- after a change in any law affecting unit trusts, the change is required to make any provision of the Trust Deed consistent with such law;
- in the case of a change affecting all Unitholders under the Trust Deed, the change is authorised by an Extraordinary Resolution of all such Unitholders as if they were beneficiaries of a single fund;
- if, in the case of a change affecting Unitholders of the Fund, the change is authorised by an Extraordinary Resolution of Unitholders of the Fund;
- in the opinion of us and the Supervisor, the change is necessary to enable the Fund to remain in the PIE taxation regime; or
- the change is necessary to enable the Fund to be listed by NZX.

An Extraordinary Resolution can only be passed by a 75% majority of persons voting at a meeting. You can find more information about how meetings of Unitholders are held in the Trust Deed. A copy of the Trust Deed can be located on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491.

## The loans that the Fund invests in

The Fund makes loans to retirement and aged care operators. The loans we make to the retirement and aged care operators are used by the operators to establish new, or develop existing, Retirement Villages and Aged Care Facilities. As at the date of this Information Memorandum the Fund has made the following loans:

Borrower	Village Location	Facility Limit	Interest Rate	Expiry Date	Comment
Whitby Village (2009) Ltd	Whitby, Wellington	\$20m but no more than 60% of the LVR	<p>Currently set at 9.75% per annum</p> <p>Post fixed interest period date, the interest rate will be adjusted, so that the interest rate is 3.75% above the average income distribution rate paid to unitholders during the 6 months period immediately preceding the review date.</p> <p>The rate could therefore be more and less than 9.75% per annum.</p>	Date of practical completion of the development or 30 September 2018. Or such later date as agreed by the Lenders.	<p>Portfolio E of the Senior Trust Retirement Village Fund (which is also managed by the Manager) is a specialist investor in the retirement village and aged care sector.</p> <p>Portfolio E has a loan to Whitby Lakes Village secured by way of mortgage and other securities provided by Whitby Village (2009) Limited (the <b>Whitby Borrower</b>).</p> <p>The Fund is a co-lender with Portfolio E to the Whitby Borrower on arm's length terms and in accordance with a security sharing deed whereby both the Fund and Portfolio E share proportionate to their contributions in the mortgage and other securities provided by the Whitby Borrower.</p> <p>Senior Trust Capital Limited, which is a related party of the Manager, has a second mortgage advance to the Whitby Borrower.</p>
Arrowtown Lifestyle Retirement Village	Arrowtown, Otago	\$9m but no more than 60% of the LVR	10.75% per annum	<p>31 March 2020</p> <p>Early repayment permitted after the anniversary of the first drawdown date</p>	The Fund has first mortgage security.

Borrower	Village Location	Facility Limit	Interest Rate	Expiry Date	Comment
Quail Ridge Country Club Limited	Kerikeri	\$14m but no more than 60% of the LVR	\$3m at a rate of 10.25% per annum  \$11m at a rate of 12.25% per annum	30 June 2019.  Or such later date as agreed by the Lenders.	<p>Portfolio E also has a loan to Quail Ridge Country Club secured by way of a first mortgage and other securities provided by Quail Ridge Country Club (the <b>Quail Ridge Borrower</b>).</p> <p>The Fund is a co-lender with Portfolio E to the Quail Ridge Borrower on arm's length terms and in accordance with a security sharing deed whereby both the Fund and Portfolio E share proportionate to their contributions in the first mortgage and other securities provided by the Quail Ridge Borrower.</p>
Palm Grove Partnership	Orewa, North Shore (Auckland)	\$3.5m but no more than 60% of the LVR	14.75% per annum	1 December 2019 subject to the Lenders right to require early repayment	<p>As at the date of this Information Memorandum, Senior Trust Capital Limited (a related party of the Manager) is the sole shareholder of STC Orewa Limited, which holds an 80% share of the Partnership.</p> <p>The Fund has first mortgage security and Senior Trust Capital has second mortgage security over the land on which the Palm Grove Retirement Village will be situated in Orewa, which is subject to a first ranking encumbrance registered in favour of the statutory supervisor. The land is also subject to a registered lease between the Partnership (as lessor) and Aegis Orewa Limited (as lessee and operator of the village).</p>

Borrower	Village Location	Facility Limit	Interest Rate	Expiry Date	Comment
Roys Bay Estate Ltd	Wanaka, South Island	\$3.5m but no more than 60% of the LVR	12.5% per annum	31 March 2019, subject to the Lenders right to require payment at an earlier date under the terms of the loan agreement	<p>Portfolio E of the Senior Trust Retirement Village Fund (which is also managed by the Manager) is a specialist investor in the retirement village and aged care sector.</p> <p>Portfolio E has a loan to Roys Bay Estate secured by way of mortgage and other securities provided by Roys Bay Estate Limited (the <b>Roys Bay Estate Borrower</b>).</p> <p>The Fund is a co-lender with Portfolio E to the Roys Bay Estate Borrower on arm's length terms and in accordance with a security sharing deed whereby both the Fund and Portfolio E share proportionate to their contributions in the mortgage and other securities provided by the Roys Bay Borrower.</p> <p>The Fund and Portfolio E will be replacing Senior Trust Capital Limited (STC), a related party, who currently provides the core funding. STC will be providing the development funding to Roys Bay Estate and will have a second mortgage advance.</p>

The Manager is negotiating with a number of parties who potentially meet the criteria set in the SIPO for the Fund to make further loans. You can find more information about loans made by the Fund on [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491.

### Management of the Fund

The key people who will be responsible for managing the Fund, and the loans made by the Fund, are:

- Joseph van Wijk, Independent Director, Senior Trust Management Limited
- Raymond Clive Jimmieson, Independent Director, Senior Trust Management Limited
- Scott Daniel Lester, Executive Director, Senior Trust Management Limited
- John Jackson, Executive Director, Senior Trust Capital Limited

**Joe** is a New Zealand qualified Chartered Accountant and has a diverse range of international experience in investment, accounting, taxation and financial roles including mergers and acquisitions in the UK and the USA. Joseph has a Bachelor of Business from New Zealand and a Master of Business Administration from the United Kingdom. He is also a Chartered Member of the Institute of Directors.

**Clive** is a Business Adviser working with both Advantage Business Ltd and as an Independent through his own business. Clive has a Bachelor of Management Studies from Waikato University and is a former Chartered Accountant in the commercial arena. He has held variety of senior roles in General Management, Finance, Marketing and Corporate/Strategy planning, in both public and private businesses in New Zealand and Australia. For 10 years until his departure in mid 2012, Clive was General Manager – Distribution Services with Jasons Travel Media (previously NZAX listed). In the latter stages he also held the group role of Head of Shared Services at the same company (encompassing Finance, IT and Procurement), and was part of the Senior Management team. Jasons Travel Media was placed in receivership in late 2013, and was subsequently bought by the Bennetts Group as a going concern.

**Scott** is a qualified Chartered Management Accountant who has held senior leadership and financial positions in a number of high profile, complex, dynamic organisations. Scott's professional experience spans across a range of industries, including retail, manufacturing, construction and tourism. Scott is also a Member of the Institute of Directors. Scott is currently our Executive Director. His responsibilities include investment management, strategic development, governance, marketing, contract negotiations and stakeholder relations. Previous roles have required Scott to build effective teams capable of delivering robust commercial objectives. Scott was also Chief Financial Officer of, and part of an investor consortium which purchased, the BBQ Factory from Hellaby Holdings. Scott later divested his shareholding to pursue other commercial interests. In 2011, the company was placed into receivership. Subsequently, the company was put into liquidation.

**John** is an Executive Director of Senior Trust Capital. Senior Trust Capital has been appointed by us to source lending opportunities for the Fund, and provide marketing and promotional services to the Fund. John has been involved in the issuance of securities to the public since 1998. John has been instrumental in offerings for a wide range of commercial property and Retirement Village entities as an advisor, director or manager. He has held senior executive officer positions in a number of financial service organisations. John will be responsible to the board for ensuring that the management team provide timely and accurate information on investment management for the Fund. From 2003 to 2015, John was a director of Noisiv Limited (formerly Vision Securities Limited) which was the debt administrator for Vision Senior Living Limited and issued debenture stock of \$7.95 million. Vision Securities Limited was a finance company that provided loans for commercial properties. The directors of Vision Securities Limited asked the Trustee to appoint receivers on 31 March 2010 following a default on a loan. Although the company was solvent at that time, it was anticipated that it would not be able to continue to meet its ongoing obligations to debenture holders or meet future liquidity requirements, following that default. All debenture holders were repaid their capital in full as a result of the company's participation at the time in the Crown Retail Deposit Guarantee Scheme.

### **Purpose of the offer**

The Fund invests by way of making secured loans to operators of Retirement Villages and Aged Care Facilities. The Fund's loan book will be concentrated in a small number of high value loans.

The loans will generally be made to privately owned Retirement Villages and Aged Care Facilities which are seeking to refinance, expand existing operations or embark on the development of new facilities.

We select the retirement and aged care operators we invest in carefully, with the aim of supporting the investment objectives of the Fund.

Our investment policies and corporate objectives are set within the following framework that we have developed to assist in our decisions on making loans:

- **Longevity:** By focusing on the retirement village sector we aim to deliver steady returns and to protect Unitholders' investment against the erosive effect of inflation.
- **Consistency of performance:** By applying the specialist expertise and knowledge that has evolved through our experience in the retirement village sector we aim to meet our Targeted Distribution Rate each quarter.
- **Durability:** Through investing in well located, soundly run Retirement Villages and Aged Care Facilities we aim to provide Unitholders with a durable investment that does not suffer capital losses.
- **Maturity:** Drawing on our past experience in managing Portfolio E and the other previous portfolios under the Master Trust Deed we aim to take a mature, measured and balanced approach to growing our business.

Our investment philosophy is that:

- Soundly-run, well located Retirement Villages and Aged Care Facilities provide the opportunity for investment that generates a regular return backed by solid assets.
- There are significant prospects for lending to retirement and aged care operators that provide a 'continuum of care' for residents, which allow residents to remain in the same village as they age and their needs change over time.
- Experienced and skilled retirement and aged care operators who hold a substantial stake in their Retirement Village or Aged Care Facility, in our experience, provide the best prospects for both income returns and capital gains to provide improved security for the loans the Fund makes.

We base this philosophy on the following:

- Strong growth in the sector provides for investment on favourable terms.
- Owner/operators bring a personal touch to the facility which many prospective residents find appealing and provides a marketing edge.
- Privately-held Retirement Villages can be more responsive to local demand and resident need.

The Manager also considers the following factors when determining whether to enter into an investment on behalf of the Fund:

- Over the investment timeframe, support the achievement of our targeted distribution rate to Unitholders.
- Maintain a risk profile which is acceptable to our directors. Risk categories which are assessed include liquidity and cash flow risk, management and operational risk and security risk.

## Current and future aspects of the Fund that have the most impact on its financial performance

In this section, we outline the factors that in our view make lending to the retirement village and aged care sector attractive for the Fund and, accordingly, for its Unitholders.

We believe the demographic wave of 'baby boomers' seeking to live in Retirement Villages has created strong demand for investment in them – and we are determined to take advantage of that demand for the benefit of our Unitholders.

Demographers and statisticians have coined the phrase 'Grey Tsunami' which generally refers to the baby boom which started in 1946 at the end of the Second World War and which has been surging through the New Zealand population. In 2016, the first of these post-war baby boomers will turn 70, which offers the potential for a sustained period of increased demand for both Retirement Villages and Aged Care Facilities.

However, a lesser known baby boom occurred between 1936 and 1941, the result of a recovering New Zealand economy after the Great Depression of the early 1930s. During the mid-1990s, this generation of 'baby boomers' initiated the demand for retirement accommodation which established the Retirement Village as a desirable concept. Despite the economic turmoil of the past decade, the retirement industry has continued to grow. The number of dwellings in modern resort-style facilities offering wide-ranging care and support has increased significantly in the last decade. The high visibility of these quality Retirement Villages is resulting in a great degree of social acceptance and the foreseeable demand for quality retirement accommodation in many locations is creating a positive investment opportunity, which we present in this offer.

Industry commentary suggests that Retirement Villages are offering an increasingly important solution to New Zealand's much publicised housing crisis. We believe a key driver of this growth is senior New Zealanders unlocking the equity in their homes and adding to the available stock of housing by moving to Retirement Villages. Jones Lang LaSalle in its 'New Zealand Retirement Village Database Whitepaper' (December 2015) stated that the potential demand for retirement village units between the period 2018 to 2043 equates to a build of 11.4 villages per annum.

The Manager believes that, to meet this target, privately owned village operators will need to continue to deliver approximately 50% of the development pipeline. The Fund is focused on supporting experienced, skilled independent operators with proven capability with the funding they require to meet the growth in the retirement village sector.

In addition, the aged care sector requires significant reinvestment of capital and this, combined with the growing cost of increasing regulation of the industry, makes a sound case for investment in the industry's growing need for quality, cost effective Retirement Villages and Aged Care Facilities. The following are some of the key fundamentals of the aged care sector in New Zealand:

- **Needs Driven:** When people become incapacitated through age they require care, which makes for predictable earnings over the long term.
- **Continuum of Care:** Older prospective residents are beginning to gravitate to Retirement Villages that provide a continuum of care, which allow residents to remain in the same village as they age and their needs change over time.



- **Government Support:** The costs associated with providing aged care are putting pressure on government funding. We see potential for the private sector to assist in this area via cost effective (vs. hospital bed stays) Aged Care Facilities.
- **Providing Cost-Effective Facilities:** The Retirement Village industry is very well positioned to provide cost effective Aged Care Facilities due to its existing scale and infrastructure, but requires investment to do so.
- **Longevity has increased dramatically since the 1950s:** Longer life expectancy has a flow on effect on the demand for aged care due to a greater number of people living longer and requiring more intensive healthcare.

### Key strategies and plans for those aspects of the Fund

We invest by lending money to retirement and aged care operators. Lending money to the retirement and aged care operators supports our key objective to provide the Targeted Distribution Rate to our Unitholders. Our first priorities are to protect Unitholders' capital and provide a consistent, reliable and attractive return at or better than the Targeted Distribution Rate.

We require detailed, timely and relevant applications for all lending decisions. Those applications include assessment of financial strength, forward cash flows and the operator management capability, and alignment to our investment policies and objectives.

Our credit approval process includes the following steps:

- Investigation of potential investment opportunities by members of the management team.
- Preparation of a credit paper, which may include some or all of the following:
  - A current valuation from a registered valuer relating to the Retirement Village or Aged Care Facility's assets;
  - Financial information provided by the operator of the Retirement Village or Aged Care Facility;
  - Demographic studies; and
  - Feasibility studies provided by the operator of the Retirement Village or Aged Care Facility.
- The credit paper is circulated to our directors and requires their majority approval before we will proceed with any investment.

The total lending in relation to each operator of a Retirement Village or Aged Care Facility will be restricted to a 60% loan to value ratio, including any prior or pari passu ranking loans. Before making a Loan, an independent registered valuer (who must be approved by the Manager) assesses the market value of the assets offered by the borrower (and/or a guarantor) as security for the Loan, to determine if the security offered by the borrower is of sufficient value to cover the borrower's indebtedness. In respect of loans to operators of Retirement Village and Aged Care Facilities that are used for development purposes, Work-In-Progress (WIP) reports certified by a Quantity Surveyor will also be provided during a development in order to substantiate an increase in the valuation. The WIP reports provide an assessment of the value of the works completed on-site. WIP will be taken into account when assessing whether the

borrower is within the 60% LVR ratio. The valuation may include an assessment of the completed value of the assets of a Retirement Village or Aged Care Facility which are under development (future completed value or 'FCV'). Where a Loan is required for development purposes and is subject to progressive drawdowns, the value will be assessed by measurement of the progress towards attainment of FCV.

We ensure that retirement and aged care operators have a material stake in the Aged Care Facility or Retirement Village, provide personal guarantees or similar covenants in respect of all loans, and that total Fund and prior ranking lending is limited to 60% of an independently assessed value.

We intend to make, where possible, loans carrying specified interest rates to help us achieve stable revenue streams and support our prime objective of being able to pay our Unitholders the Targeted Distribution Rate or better.

Before we lend to a retirement and aged care operator, we will require evidence that they can expect to meet payment obligations from their sale of occupation licences or residential units, or from other financial resources including Government subsidies paid to the retirement and aged care operator. We will also take into account the financial resources of the borrower.

Credit risk is mitigated by careful analysis of forward cash flows and, where appropriate, progressive release of funds against progress made to meet sales objectives and other key performance indices in the business plan agreed with the operator.

If we consider it necessary, we may require the directors and/or shareholders of the retirement and aged care operator to include in the loan documentation the obligation to make or arrange supplementary injections of cash from shareholders when we require them.

We closely monitor the property development and construction programmes for any Retirement Village or Aged Care Facility undertaking such work, with the aim of ensuring that work is completed on time and on budget. Where funds are advanced for payment of costs to construct common facilities or dwellings, we will, if we deem it appropriate, require a quantity surveyor's report detailing the value of the work to be completed and the value of the work required in completing the particular facility.

We closely observe marketing performance and, if necessary, can engage the services of a pool of industry specialists known to the management team to assist the borrower in meeting pre-set key performance indices that will be incorporated where appropriate into the loan documentation. Regular inspections will be performed either by the management team, quantity surveyors or valuers engaged by us.

We require as part of the terms of any loan we make that any Retirement Village buildings and other substantial assets (such as buildings owned by the retirement or aged care operator but not related to the Retirement Village) that are subject to any security granted to us are insured to the maximum amount considered best practice by the Retirement Villages Association of New Zealand Inc from time to time, having reference to the latest valuation provided to us (which will include cover for catastrophic risks). Where construction is involved the appropriate construction insurance is to be included.

While we are mindful that our lending is concentrated in the retirement village and aged care sector and a possible systemic failure or significant adverse material event that affects the industry could have a significant adverse impact on the returns our Unitholders may receive. We do not seek to diversify away from this sector in which we have extensive experience. We believe Registered Retirement Villages operate in a well regulated environment under the Retirement Villages Act. The regulatory framework and orderly nature of the industry serves to

mitigate the risk of systemic failure. Unitholders in investing in the Fund need to be aware of these potential systemic risks when deciding whether to invest.

### **Nature of returns and the key factors that determine them**

The returns to you from an investment in Units will be derived from distributions from the Fund.

The Targeted Distribution Rate on each Unit is an amount equal to a before tax return on the Issue Price of each Unit of 6% per annum over the Investment Period. The Manager aims to achieve this by considering the Targeted Distribution Rate as one of the factors when setting the rate of interest on Loans. However the Targeted Distribution Rate of return is only a target and is not promised by any person. Prospective Unitholders should be aware that actual distributions may be more or less than the Targeted Distribution Rate.

The Manager will make distributions of income quarterly within 14 days of 31 March, 30 June, 30 September and 31 December in each year (**Distribution Date**). Each distribution will be the net income of the Fund for the three months (or in the case of the first Distribution Date, such shorter period) ending on the relevant Distribution Date (**Distribution Period**). The actual amounts distributed in respect of each Distribution Date (if any) will be set by the Manager which will give prudent consideration to the Fund's future liquidity requirements before determining any distribution amount.

With the exception of Units that are first issued during the relevant Distribution Period, each Unitholder who holds Units on a Record Date will be entitled to the full distribution for the relevant Distribution Period. However, Unitholders to whom Units are first issued during the Distribution Period will only be entitled to a distribution in proportion to the number of Units held on the Record Date and the number of days during such Distribution Period on which each such Unit was held. Any Units that you acquire on market between the Ex-Date (as defined in the NZX Listing Rules) and the Record Date (as defined in the NZX Listing Rules) will not be entitled to a distribution on that Record Date.

The Manager may also distribute surplus cash in the Fund to Unitholders if, in the Manager's sole discretion, the amount of cash in the Fund is in excess of the cash it should prudently retain in the Fund for working capital and contingencies. Any such distribution of cash will be made as and when the Manager so determines.

The Fund receives a return on the loans it makes to retirement and aged care operators through interest and any other fees or charges payable by the relevant borrower. Our key objective is to lend to retirement and aged care operators in a way that protects the value of our Units, as well as enabling us to pay returns to Unitholders at the Targeted Distribution Rate.

The typical cash flow stream for a registered Retirement Village is derived from an occupation right agreement which gives a resident lifetime occupancy of a dwelling. In return the operator is provided an income stream from levies charged to residents and a proportion of the proceeds on the sale of the dwelling.

The cash flow sources to the Retirement Village operator are:

- The proceeds of the initial sale of an occupation right agreement;
- The levies charged to residents; and
- A share in the sale proceeds at the departure of the residents.

The key characteristics of the income stream for a Retirement Village are:

- **Predictability** - Inevitably all residents will depart the village, and, given the wide spread of residents, in the medium term a mature Retirement Village will have a steady stream of departures and consequent cash flows.
- **Long Term Cash Flow Stream** - Unlike short-term residential rental agreements, commercial property leases or property developments, which provide short term or once only profits, Retirement Village operators resell dwellings a number of times throughout the village's economic life. This means Retirement Village operators can benefit from a sustainable long term income stream rather than a once only development profit. Resident occupancy is underpinned by the demographic wave of senior New Zealanders entering retirement which, according to census statistics, will extend out to 2030.
- **Capital Growth** - The cash flow benefits from capital appreciation in resident dwellings, which reflect the growth in real estate values in New Zealand.

Income streams for Aged Care Facilities are made up of payments from the local District Health Board (**DHB**) and premiums on top of those paid by residents who are liable to pay them.

### 3 Key Dates and Offer Process

<b>Offer opened</b>	19 September 2015.
<b>Offer closes</b>	11 March 2020, or the date on which a maximum of 45 million Units have been issued, whichever is the earlier.
<b>Issue date</b>	Your Units will be issued on a Valuation Day which is by at least the last Business Day of the month.
<b>Listing and Quotation date</b>	The Units were first quoted on the NZX Main Board on 3 December 2015.
<b>Distribution Dates</b>	The Distribution Dates will be 31 March, 30 June, 30 September and 31 December in each year until the Maturity Date, with distributions being paid within 14 days of each Distribution Date.
<b>Maturity Date</b>	11 March 2021, or any earlier date at our sole discretion (for example, if a loan is repaid earlier than expected). The Manager will restrict the term of loans to the Maturity Date of the Fund where practicable to assist the Fund in meeting its repayment obligations on the Maturity Date. Please also refer to the section 'Redemptions' on pages 23 and 24.

## 4 Terms of the Offer

### **Governing documents**

The terms of the offer are also set out in the Master Trust Deed and the Establishment Deed and SIPO. A copy of those documents can be found on the Disclose website at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491.

### **Applications**

Applications for Units in the Fund can be made on the Application Form at the end of this Information Memorandum. 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 Day on which the Units are issued. Investors can contact the Manager at any time to find out the Issue Price for the previous Valuation Date. The Manager's contact details are set out in section 10.

### **Minimum investment**

You must make an initial minimum investment of \$100 with increments of \$100 thereafter.

### **Fees payable**

No fees are payable on applying to buy Units. A subscription fee will be payable when Units are allotted to you. The Fund will be required to pay a Manager's fee, Supervisor's fee and other charges incurred by the Fund. Details of the fees and charges you must pay are set out section 8 'What are the fees'.

### **Withdrawals**

Units will be redeemed on the Maturity Date, or earlier at our sole discretion. You have no right to require us to redeem your Units prior to the Maturity Date. Please also refer to the section 'Redemptions' on pages 23 and 24.

Quotation of the Units on the NZX Main Board commenced on 3 December 2015. This means that you may be able to sell your Units on the NZX Main Board by using an NZX Firm if there are interested buyers. This may involve brokerage costs, which may vary between NZX Firms. On selling your Units, you will receive the prevailing market price, less any brokerage costs.

### **Targeted Distribution Rate**

The Targeted Distribution Rate is 6% per annum (before tax). Distributions of income will be made quarterly on the Distribution Dates. Each distribution will be the net income of the Fund for the three months. The actual amounts distributed in respect of each Distribution Date (if any) will be set by the Manager which will give prudent consideration to the Fund's future liquidity requirements before determining any distribution amount.

## 5 How the Senior Trust Retirement Village Listed Fund works

The Fund was established in Auckland on 11 September 2015 under the Master Trust Deed and an establishment deed dated 11 September 2015 made between Corporate Trust Limited as trustee and Senior Trust Management Limited as manager (**Establishment Deed**). The Supervisor was appointed pursuant to a deed of retirement and appointment dated 23 November 2015. The Master Trust Deed and Establishment Deed were amended on 10 March 2016 to comply with the FMCA, and the Fund transitioned to the FMCA on 11 March 2016.

Investors in the Fund are issued Units. Each Unit confers on the Unitholder an equal interest in the Fund but does not confer any interest in any particular part of the Fund or in the assets of any other fund or portfolio under the Master Trust Deed. The aggregate maximum number of Units which may be issued in the Fund is 45,000,000 Units. No oversubscriptions will be accepted.

Investors in the Fund who are issued Units have no interest in any other funds or portfolios created under the Master Trust Deed and the Manager and Supervisor will at all times treat each fund and portfolio as a separate and distinct trust fund with its separate property and liabilities.

The indemnities in the Master Trust Deed in favour of the Manager and the Supervisor, and the other costs, expenses, fees, premiums and taxes payable in relation to the management and administration of the fund, are only payable from the assets of the fund to which the matter giving rise to the amount relates. Where any amount payable relates to more than one fund, that amount shall be apportioned between those funds on a fair and equitable basis as we determine.

All profits and losses of a fund will belong to the Unitholders invested in that fund in proportion to each Unitholder's interest, subject to each Unitholder's loss being limited at all times to the value of that Unitholder's interest in the assets of that fund.

All liabilities incurred in relation to a fund shall be met from the assets held for that fund. For the avoidance of doubt, the Manager shall not permit the assets or liabilities relating to a fund to become intermingled with those relating to any other fund. As at the date of this Information Memorandum, there is only one other fund and portfolio established under the Master Trust Deed, being Portfolio E of the Senior Trust Retirement Village Fund.

Units are issued at the Issue Price. The Issue Price of a Unit is the net asset value per Unit as at the Valuation Day on which the Units are issued (**Net Asset Value per Unit**).

The Net Asset Value per Unit is determined by taking the gross asset value of the Fund, deducting all liabilities of the Fund and income earned but not distributed and dividing the result by the number of Units on issue.

The number of Units that a Unitholder will receive will be determined by dividing the Unitholder's subscription amount by the Issue Price on the day on which the Units are issued. Fractions of Units will be rounded up or down to two or more decimal places, at the discretion of the Manager. Any difference between the dollar amount of Units for which you apply and the value (based on the Issue Price) of the Units you receive solely due to rounding will be retained by the Fund. No fees are charged for issuing or redeeming Units.

### **Redemptions**

It is intended that Units will be redeemed with effect from the Maturity Date (subject to the Manager's deferral rights referred to in section '7 Risks to returns from the Senior Trust

Retirement Village Listed Fund"), but may be redeemed earlier at the Manager's sole discretion. A Unitholder has no right to redeem Units prior to the Maturity Date.

The Manager must pay to the Unitholder the Redemption Price of the Units within 7 Business Days after the redemption day. Redemptions will only be paid to the Unitholder's bank account or other nominated account on their application form or as advised subsequently to the Manager in writing.

The Manager may compulsorily redeem a Unitholder's Units (this may include redemptions to ensure that the Fund is able to maintain its PIE status) on such date as the Manager determines and in all cases at the Redemption Price applicable on the date of redemption of such Units.

## **Benefits of investing in the Fund**

### ***Targeted Distribution Rate of 6% per annum (before tax)***

The targeted distribution rate on each Unit is an amount equal to a before tax return on the Issue Price of each Unit of 6% per annum over the Investment Period (the **Targeted Distribution Rate**). We aim to achieve this by considering the Targeted Distribution Rate as one of the factors when setting the rate of interest on Loans. However the Targeted Distribution Rate is only a target and is not guaranteed by any person, and actual distributions may be more or less than the Targeted Distribution Rate. The actual amounts distributed in respect of each Distribution Date (if any) will be set by us after having given prudent consideration to the Fund's future liquidity requirements before determining any distribution amount.

### ***60% LVR on lending***

The total lending in relation to each operator of a Retirement Village or Aged Care Facility will be restricted to a 60% loan to value ratio (**LVR**), including any prior or pari passu ranking loans. Before making a loan, an independent registered valuer (who must be approved by the Manager) assesses the market value of the assets offered by the borrower (and/or a guarantor) as security for the Loan, to determine if the security offered by the borrower is of sufficient value to cover the borrower's indebtedness. In respect of loans to operators of Retirement Village and Aged Care Facilities that are used for development purposes, Work-In-Progress (**WIP**) reports certified by a Quantity Surveyor will also be provided during a development in order to substantiate an increase in the valuation. The WIP reports provide an assessment of the value of the works completed on-site. WIP will be taken into account when assessing whether the borrower is within the 60% LVR ratio. The valuation may include an assessment of the completed value of the assets of a Retirement Village or Aged Care Facility which are under development (future completed value or 'FCV'). Where a Loan is required for development purposes and is subject to progressive drawdowns, the value will be assessed by measurement of the progress towards attainment of FCV.

### ***Listing of Units in the Fund***

The Fund was listed, and the Units in the Fund quoted, on the NZX Main Board on 3 December 2015. This means that you may be able to sell your Units on the NZX Main Board by using an NZX Firm if there are interested buyers. This may involve brokerage costs, which may vary between NZX Firms. On selling your Units, you will receive the prevailing market price, less any brokerage costs. NZX has granted the Manager waivers and an approval from certain NZX Main Board Listing Rules, as noted in the section below headed 'Waivers granted from the Listing Rules'. As a consequence of these waivers and this approval the Fund will bear a 'non-standard' designation on the NZX Main Board.



## Related party transactions

### *Portfolio E*

Portfolio E is a specialist investor in the retirement village and aged care sector. Portfolio E currently has three loans to Whitby Lakes Village, located in Wellington, Quail Ridge Country Club located in Kerikeri and Roys Bay in Wanaka secured by way of a first mortgage and other securities provided by the borrowers. In regards to Whitby, the Fund is a co-lender with Portfolio E to the borrowers on arm's length terms and in accordance with a security sharing deed whereby both the Fund and Portfolio E share proportionate to their contributions in the first mortgage and other securities provided by the Whitby Borrower. In respect to Quail Ridge Country Club, the Fund is a co-lender with Portfolio E to the borrowers on arm's length terms and in accordance with a security sharing deed whereby both the Fund and Portfolio E share proportionate to their contributions in the first mortgage and other securities provided by the Quail Ridge Borrower. In respect to Roys Bay, the Fund is a co-lender with Portfolio E to the Roys Bay Estate Borrower on arm's length terms and in accordance with a security sharing deed whereby both the Fund and Portfolio E share proportionate to their contributions in the mortgage and other securities provided by the Roys Bay Borrower.

The Fund may enter into other loans as a co-lender with Portfolio E on similar terms. Our related company, Senior Trust Capital Limited (**Senior Trust Capital**), has a second mortgage advance to the Whitby Borrower and Roys Bay Borrower.

The Loans to the Whitby Borrower, Quail Ridge Borrower and Roys Bay Borrower were made by the Supervisor on the Manager's direction on behalf of the Fund and Portfolio E. This means that there may be related party transactions under the NZX Main Board Listing Rules involved, as Portfolio E and the Fund have the same Manager. NZX has granted a waiver in relation to these related party transactions, as noted in the section headed 'Waivers granted from the Listing Rules' below.

### *Senior Trust Capital*

The Fund may make loans to other retirement and aged care operators where Senior Trust Capital (a related party) is a lower tier lender (in the sense that both Senior Trust Capital's right to receive payment of interest and principal, and its security position, rank behind the Fund's) or Senior Trust Capital has an equity interest. Whenever both the Fund and Senior Trust Capital lend to the operator of a Retirement Village that is registered under the Retirement Villages Act, the Manager or the Supervisor on behalf of the Fund and Senior Trust Capital will enter into a security sharing and priority deed with the statutory supervisor of the Retirement Village (and there may also be other lower ranking third tier lenders that are a party to it).

A security sharing and priority deed sets out the order in which the proceeds of security held over the Retirement Village should be applied amongst the statutory supervisor and lenders to the operator of the Retirement Village. The Fund will always have a higher ranking security interest than Senior Trust Capital. Depending on the size of the loan to be made, such security sharing arrangements may constitute a related party transaction under the NZX Main Board Listing Rules, as Senior Trust Capital is a related company of the Fund. NZX has granted a waiver from the related party transaction rules which are related party transactions solely due to entry into a security sharing and priority deed on those terms, as noted in the section headed 'Waivers granted from the Listing Rules'.

Senior Trust Capital Limited also offers financial products, being shares that provide investors with the opportunity to invest indirectly in the Retirement Village and aged care sectors.

### ***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. Senior Trust Capital 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 Fund has first mortgage security and Senior Trust Capital has second 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 of the village.

These loans are permitted related party transactions under section 174 of the FMCA as they are made to the Palm Grove Partnership on arm's-length terms.

### ***Senior Trust Management Limited***

The Manager is entitled to charge the borrower a procurement fee in respect to the establishment of a loan facility. Where the borrower is a related party of the Manager, this would be a related party transaction.

### ***Issue expenses***

Preliminary issue expenses for the Fund were \$695,000. The Manager (which is a related party of the Fund) entered into a loan agreement with the Fund pursuant to which it incurred and paid the total actual amount of the preliminary issue expenses. The Fund advanced an amount equal to the actual amount of the actual preliminary issue expenses to the Manager to enable the Manager to pay the issue expenses under the following arrangement:

- the Fund will advance instalments to the Manager in the amounts and on the dates requested by the Manager;
- the advance will bear interest at 8% per annum;
- the advance is repayable by the Manager in 20 quarterly instalments along with interest calculated on each repayment amount; and
- as security for the advance, the Manager will grant an assignment by way of security of the Manager's fee. If the Manager is unable to pay all or part of the advance or interest when due, the Fund is entitled to reclaim such amount out of the Manager's fee. The Manager's fee is as set out on page 33 and is not changed by this advance.

This loan is a permitted related party transaction under section 174 of the FMCA as it is made to the Manager on arm's-length terms.

Commission is not payable by an investor or the Fund. Commission may be paid by the Manager out of its own funds to certain persons who introduce investors to the Fund.

### ***Waivers granted from NZX Listing Rules***

The structure of the Fund differs from that of a listed company, the type of listed entity the NZX Main Board Listing Rules (**Rules**) are designed to regulate. The Fund is not similar to most other issuers listed on the NZX Main Board and the Units have features that make less relevant many of the concerns that drive the Rules, including those governing voting and control rights, management costs, potentially dilutionary issues and other so-called agency risks. These features include the greater level of supervision and regulation provided by the Trust Deed and the Supervisor, the limited circumstances in which the Units carry a right to vote and the maximum size of the Fund.

Accordingly, NZX has granted the Manager waivers from the following Rules: 3.1.1(a), 3.1.1(b), 3.3.3(a), 3.3.5 to 3.3.15, 3.4 to 3.6, section 4, 7.3, 7.4, 7.5, 7.6.1 and 7.6.2, 10.3.2, 10.4.1(b), 10.4.2 and 10.6.1(a).

NZX has also granted a waiver from Rule 9.2 as it relates to the following transactions:

- The entry into of a loan between the Fund and the Manager in relation to issue expenses.
- The entry into a loan facility agreement between the Fund and Senior Trust Capital (and the provision of a loan by the Fund thereunder). This agreement has since been terminated and no further lending will be entered between the Fund and Senior Trust Capital.
- The entry into a management services agreement between the Manager and Senior Trust Capital (and the transactions contemplated thereunder).
- The entry into an underwriting agreement between the Manager and Senior Trust Capital (and the transactions contemplated thereunder).
- The co-lending arrangements between the Supervisor on behalf of the Fund and the Manager or the Supervisor on behalf of Portfolio E.
- The entry by the Manager or Supervisor on behalf of the Fund into security sharing and priority deeds from time to time with the statutory supervisors of Retirement Villages registered under the Retirement Villages Act and Senior Trust Capital, under which the Fund receives a higher security priority position than Senior Trust Capital.

NZX has granted approval under Rule 11.1.5 for the inclusion in the Trust Deed of provisions that restrict the issue, acquisition or transfer of Units to allow the Fund to comply with the PIE regime. As a consequence of these waivers and this approval the Fund will bear a 'non-standard' designation on the NZX Main Board.

A copy of NZX's decision, including the conditions of the waivers granted, can be obtained from [www.nzx.com](http://www.nzx.com).

## 6 Senior Trust Retirement Village Listed Fund's financial information

The following is summary financial information for the period 1 April 2016 to 31 March 2017 taken from the financial statements for the Fund. The Fund commenced on 19 September 2015. Accordingly, the comparative information presented is for the 7 month period from 19 September 2015 to 31 March 2016.

### Statement of profit or loss and other comprehensive income

	2017 Audited \$	7 months ended 31-Mar-16 Audited \$
Total Revenue	1,281,232	236,964
Less Total expenses	577,495	126,820
<b>Net profit before tax</b>	<b>703,737</b>	<b>110,144</b>
Taxation	197,046	30,840
<b>Net profit after tax attributable to unit holders</b>	<b>506,691</b>	<b>79,304</b>

### Statement of financial position

	2017 Audited \$	2016 Audited \$
Current Assets	1,943,537	1,225,571
Non-Current Assets	14,339,435	4,585,745
<b>Total Assets</b>	<b>16,282,972</b>	<b>5,811,316</b>
<b>Current Liabilities</b>	<b>425,772</b>	<b>273,631</b>
<b>Total Liabilities</b>	<b>425,772</b>	<b>273,631</b>
<b>Net Assets</b>	<b>15,857,200</b>	<b>5,537,685</b>
<b>Equity</b>		
Units	15,808,555	5,530,950
Retained Earnings	48,645	6,735
<b>Total Equity</b>	<b>15,857,200</b>	<b>5,537,685</b>

The Fund's policy is to target a 6% (before tax) distribution rate subject to maintaining the capital of the Fund. The first Distribution Date was 31 March 2016, with the first distribution being paid to Unitholders on the 14 April 2016. In regards to further information on subsequent distributions, this can be found by visiting [www.nzx.com/companies/SRF](http://www.nzx.com/companies/SRF)

Full financial statements are available on the Disclose register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491.

If you do not understand this sort of financial information, you can seek professional advice.

## **7 Risks to returns from the Senior Trust Retirement Village Listed Fund**

All investments carry risk. There are risks associated with the Fund which could affect your ability to recover the amount of your investments or impact on the level of distributions payable by the Fund.

It is reasonably foreseeable that you may not recover, in full or in part, the initial amount of your investment in Units and/or may not receive the expected return (or any return) on your Units if any of the circumstances envisaged by the risk factors summarised in this section occur.

We have assessed these risks by reference to our assessment of:

- the likelihood of the circumstance occurring - that is, whether the circumstance is 'unlikely', 'possible', 'likely' or 'almost certain' to arise; and
- the impact on the Fund's strategies and objectives if it were to occur - that is, whether the impact would be 'minor', 'moderate', 'major' or 'severe'

Applying these two factors together enables us to categorise each risk as 'low', 'medium-low', 'medium-high' or 'high' and to prioritise the action (if any) we plan to address or mitigate the risk.

For example, a circumstance that it is 'possible' will occur and which would have a 'severe' impact on the Fund if it were to occur would be considered to be a 'high' risk and we would dedicate appropriate resources to address or mitigate the risk accordingly. Conversely another circumstance that it is also 'possible' will occur but which would have only a 'minor' impact on the Fund if it were to occur would be considered to be a 'low' risk and we may decide not to take any action to address or mitigate it.

We have included, where possible, information about the action we have taken, or propose to take, to address or mitigate the risks outlined below. You need to be aware that these actions are intended to manage or control the risks - they will not remove them altogether.

The principal risks are:

### **Concentration risk**

Concentration risk is the risk that arises when assets of an investment company are concentrated on a very limited type and/or a small number of assets.

This is particularly significant for the Fund because its assets will be concentrated. That is, they comprise a small number of loans to privately owned retirement and aged care operators. This means that a failure or unfavourable performance of any one or more individual investments, or increased competition for privately owned Retirement Villages and Aged Care Facilities, or downturn in the residential property market generally are likely to have a significant adverse

impact on the performance of any loans we have made and, as a consequence, the Fund's ability to pay the targeted returns to our Unitholders and preserve Unitholders' capital.

The steps we take to manage this risk include:

- Focussing on investing in retirement and aged care operators with a track record of proven performance and who have a material stake in the entity.
- Focussing on investing in retirement and aged care operators situated in locations with proven demographic demand.

On that basis, we consider it 'possible' that one or more of these circumstances might arise. If these circumstances were to arise, the impact on the Fund's ability to pay the targeted returns to our Unitholders and preserve Unitholders' capital would be 'moderate' to 'severe', depending on the number of investments affected and the extent of the downturn. This means that we classify the concentration risk as medium to high.

### **Security position risk**

Security position risk is the risk that a loan ranks behind money owed to other investors in a liquidation or other insolvency event.

This is particularly significant for the Fund because:

- when we invest by lending money to retirement and aged care operators these loans rank behind the prior security rights of the money lent to them by another financier(s) such as a bank, and the statutory supervisor for registered Retirement Villages. This means that if the operator gets into financial difficulties, we will not be paid until the statutory supervisor or other financier(s) have been paid.
- where there is more than one lender taking security, prior-ranking security holders may also restrict us from exercising our security and/or reduce the payments we receive from the operator under the terms of a security sharing agreement.

The steps we take to manage this risk include:

- We carefully assess the nature and level of security taken over the Retirement Village or Aged Care Facility to ensure there is sufficient capital available to meet the rights of all security holders and we will only take a security position that we consider sufficiently protects our Unitholders' interests.
- We lend to retirement and aged care operators that have a material stake in the business which means there is less risk of there being insufficient funding in the business to repay a loan.
- Extensive due diligence including assessing credit risk and the nature of any prior ranking securities.
- In a Retirement Village, the fact that the statutory supervisor holds the first ranking security helps to mitigate against any oppressive and arbitrary behaviour by a first mortgagee such as a bank against lower ranking security holders.

On that basis, we consider it 'possible' that one or more of these circumstances might arise. If these circumstances were to arise, the impact on the Fund's financial position or performance and its ability to achieve its objectives would be 'moderate' to 'severe', depending on the number and value of investments affected. This means that we classify the security risk as medium to high.

### **Credit risk**

Credit risk is the risk that a person who borrows money is unable to pay the agreed interest or to pay the principal back when due.

This is particularly significant for the Fund when all of its assets consist of loans made to retirement and aged care operators. This means that if the borrower were unable to pay the agreed interest or to repay the principal when due, our ability to provide returns for our Unitholders and to achieve our objectives would be impaired.

The steps we take to manage this risk include:

- Focussing 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.

On that basis, we consider it 'possible' that these circumstances might arise. If these circumstances were to arise, the impact on the Fund's financial position or performance and its ability to achieve its objectives would be 'moderate' to 'severe', depending on the number of investments affected. Although to date we have not had any borrowers default, given the impact if it were to happen we classify the credit risk as medium to high.

### **Lending Risk**

If the Manager is unable to source any lending opportunities that meet its lending criteria then there may be a material impact on the return to Fund which could affect the targeted distribution rate. The Fund may 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 & Poors (or an equivalent rating from another internationally recognised rating agency).

The measures undertaken to manage this risk include:

- Positioning Senior Trust as the specialist lender to the retirement village sector. The intention is to increase the volume of enquiries from potential Borrowers who are seeking to cater for the increasing numbers of New Zealanders entering retirement.
- Within lending criteria, be able to provide the Borrower long term funding which will have the potential to benefit the development project by providing continuity of funding.
- Where possible, matching Fund subscription inflows against lending opportunities.
- The Fund can if necessary redeem units to match against demand for Funds.

On that basis, we consider it 'possible' that the above circumstances might arise. If these circumstances were to arise, the impact on the Fund's ability to pay the targeted distribution rate could be material.



## Refinancing Risk

Refinancing Risk is the likelihood that a borrower cannot refinance the Fund's loan by borrowing to repay existing debt. This is particularly significant for the Fund when all of its assets consist of loans made to retirement and aged care operators and the borrower is planning to refinance residual debt at the maturity of the loan.

The steps we take to manage this risk include:

- By undertaking due diligence on all lending opportunities, we can assess whether the retirement village will be able to repay the existing loan through the sale of occupation licences or residential units.
- By selecting retirement villages which adhere to our investment philosophy, we strengthen the prospect of the Borrower being able to refinance.
- By taking into account the financial resources of the Borrower, this may enable the loan to be repaid by the shareholders of the retirement village or aged care facility.
- Restricting the term of loans to the Maturity Date of the Fund where practicable, enables the borrower to plan in advance in regards to the repayment of capital.

On that basis, we consider it 'possible' that this circumstances might arise. If this circumstances were to arise, the impact on the Fund's financial position or performance and its ability to achieve its objectives would be 'moderate' to 'severe', depending on the number of investments affected. The Fund may allow a retirement village to refinance prior to maturity if it is in the commercial interest of our unitholders. A partial refinance may enable an increase in the interest rate charged to the village, if security interests now rank ahead of those held by us. However in all cases the maximum amount of debt including prior ranking charges must not exceed 60% of the independently assessed value of the asset charged. Break fees may also be payable to the Fund in the event of an early refinance.

## Quotation and trading risk

There can be no assurance that an active trading market in the Units will develop. There may be relatively few potential buyers or sellers of the Units on the NZX Main Board at any time. This may increase the volatility of the market price of the Units. It may also affect the prevailing market price at which a person or entity is able to sell their Units. Future issues of Units may affect the trading price of Units. While the Offer is open and investors can apply to acquire Units directly from the Manager, there may be a reduced number of buyers of Units on the NZX Main Board.

Factors such as changes in the New Zealand or international regulatory environment, New Zealand and international equity and debt markets, NZD and foreign currency movements, and the New Zealand and global economies could cause the market price of the Units to fluctuate.

Senior Trust Capital Limited, which is a related party of the Manager, has entered into an arrangement with ANZ Securities Limited to facilitate the sale of units on behalf of any unitholder who does not have or does not wish to use the services of an NZX participant broker.

A number of unitholders have already availed themselves of this service.

## Liquidity risk

Liquidity risk is the risk that a company does not have sufficient cash to pay liabilities when due.



This is particularly significant to the Fund because its ability to pay its liabilities and to pay distributions to Unitholders would be affected by any default by, or reduced liquidity of, a retirement or aged care operator which could affect their ability to pay interest on a loan made to them, given that interest on loans is our primary source of revenue.

We consider that there is a medium to low risk of this occurring. The steps we take to manage this risk include:

- Having access to sufficient cash if needed to assist with cash flow demands of making new loans.
- Ensuring that operators have consistent and quality cash flows so that they can meet their obligations.

On that basis, we consider it 'unlikely' that these circumstances might arise. If these circumstances were to arise, the impact on our financial position or performance and our ability to achieve our objectives would be 'moderate'. This means that we classify the capitalised investment risk as medium to low.

### **Deferral of Redemptions**

If by reason of, amongst other things:

- a borrower failing to repay its Loan on the scheduled repayment date;
- financial, political or economic conditions applying in respect of any financial market;
- the nature of any investment (for example, a Loan which does not mature until after the Maturity Date);
- the suspension of trading on the NZX; or
- the occurrence or existence of any other circumstance or event relating to the Fund, or generally,

the Manager in good faith forms the opinion that it is not practicable, or would be materially prejudicial to the interests of any Unitholders, for the Manager to redeem the Units on the Maturity Date, then the Manager may suspend the redemption of Units.

In the above circumstances, there is no express limit on the period of deferral. Unitholders will be notified by the Manager of any deferral and the likely period. No interest is payable on deferred amounts.

The Manager may determine that such Units may be progressively redeemed by instalments with effect from one or more Valuation Days falling in a period determined by the Manager or in total at the expiration of a period determined by the Manager (there is no express limit on such period) and in any such case the Redemption Price is to be calculated at the Valuation Day or Days on which Units are redeemed.

## **8 What are the Fees?**

### **Fees paid by the Fund**

#### ***Management fees***

The Manager will charge an annual fee to the Fund for its services in managing the Fund. The Manager's fee accrues from day to day and, subject to any rescheduling of the fee (as detailed

below), is payable by the Supervisor out of the assets of the Fund quarterly within 14 days of each Distribution Date.

The Manager may (in its sole discretion) elect to reschedule any portion of the Manager's fee for a Distribution Period with the intention of enabling payment at the Targeted Distribution Rate of 6% per annum (before tax) to the Unitholders on the relevant Distribution Date.

If any of the Manager's fee is so rescheduled, it will become due and payable on such Distribution Date(s) as the Manager determines (in its sole discretion). For the avoidance of doubt, the Manager is not prevented from recovering all of the Manager's fee from the Fund.

The Manager's fee is an amount equal to 3% per annum of the aggregate Issue Price of all Units on issue at the end of the Distribution Period preceding the relevant Distribution Date. GST will be added to the Manager's fee and as at the date of this Information Memorandum is levied at 15% of the Manager's Fee.

During the year ended 31 March 2017, the Manager charged fees of \$370,761. During the seven months to year ended 31 March 2017, the Manager charged fees of \$57,927.

### ***Listing and Registrar***

NZX charges an annual fee for listing on the NZX Main Board. For the size of the Fund, the fee for the year ending June 2017 is \$25,000 plus GST. This fee is payable annually in July for the prospective 12 months to 30 June. Subsequent NZX fees are calculated in relation to the allotment of additional units. Fees are also payable to the registrar relating to maintenance of the registry and transactional services. Registrar fees are related to the number of transactions undertaken on the Funds behalf.

### ***Supervisor Fees***

The Supervisor's fee is currently \$15,000 per annum plus GST. The Supervisor's fee accrues from day to day and is payable out of the assets of the Fund quarterly within 14 days of each Distribution Date.

The Supervisor is also entitled to charge special fees for services of an unusual or onerous nature outside the Supervisor's regular services. There were no special fees charged for the year ended 31 March 2017. During the seven months to the year ended 31 March 2016, the Supervisor charged special fees of \$11,403 (inc GST). These fees related to costs associated with the Fund's transition to the FMCA and reviewing of loan documentation. There is no limit to the amount of special fees that may be charged.

### ***Other Fees and Expenses***

These include accountancy, audit, legal, compliance, investor communication, bank charges and other incidental costs.

In addition, the Manager and the Supervisor are entitled to be reimbursed from the Fund for all costs and expenses incurred by them acting as Manager and Supervisor. Generally the amount of these costs and expenses cannot be ascertained until they are incurred and will vary from time to time.

Information on the actual fees charged in the previous financial year can be found in the Fund's Annual Report at [www.business.govt/disclose](http://www.business.govt/disclose), scheme number SCH10491.

### ***Fees paid by Unitholders***

When Unitholders subscribe for Units they will pay a subscription fee to the Fund to meet fees charged by NZX and other subscription costs which are based on the value of additional Units

issued. The subscription fee is 1% of the full subscription amount which will be deducted from the subscription amount and is only payable if Units are allotted to the applicant.

Unitholders can elect to use their Distribution payments to purchase Units up to the total amount of Units for which they originally subscribed. Any such election must be made in the application for those Units (see the Application Form in section 15). The Units will be allotted on the next issue date, which is at least monthly. A subscription fee will not be applicable to the additional Units allotted. If you sell your Units in the NZX Main Board this may involve brokerage costs, which may vary between NZX Firms. On selling your Units, you will receive the prevailing market price, less any brokerage costs.

## **9 Tax**

Returns to Unitholders are likely to be affected by taxation. The following statements in relation to taxation are of a general nature only and are based on tax law as at the date of this Information Memorandum. Tax laws and tax rates may change. The impact of taxation will vary depending upon each Unitholder's individual circumstances and all Unitholders should seek professional tax advice before investing. Neither the Manager nor the Supervisor can provide tax or investment advice and as such take no responsibility for the tax consequences that may arise as a result of investing in the Fund.

### **The Fund is a Listed PIE**

The Fund is a listed PIE. As a listed PIE, the Fund will pay tax on income it derives at the corporate tax rate (currently 28%). The Fund will maintain an imputation credit account.

### **How are New Zealand resident Unitholders taxed on distributions?**

The following statements apply to Unitholders who are New Zealand residents for tax. Different tax rules may apply to non-resident Unitholders.

The Fund will fully impute distributions to Unitholders to the extent that imputation credits are available. Unitholders will not be taxed on distributions that they receive from the Fund unless they choose to include the amount as income in their tax return.

Unitholders subject to a marginal tax rate below the corporate tax rate (currently 28%) may benefit from including fully imputed distributions in their tax return. This would allow Unitholders to use any imputation credits in excess of what is necessary to satisfy their income tax liability in relation to those distributions, to offset their tax liability on their other taxable income. How Unitholders should treat distributions from the Fund for tax purposes will depend on their personal tax circumstances and all Unitholders should seek professional tax advice.

### **How are New Zealand resident Unitholders taxed on a sale of Units?**

There may be tax consequences for a Unitholder upon a sale of Units depending on whether the Unitholder acquired the Units with the purpose of sale, is a trader of instruments or securities similar to the Units, or acquired and sold the Units as part of a profit-making scheme. Any such tax payable is in addition to any tax payable on distributions received by the Unitholder up to the date of the sale of the Units.

## **10 About Senior Trust Management Limited and others involved in the Senior Trust Retirement Village Listed Fund**

### **The Manager of the Fund is Senior Trust Management Limited.**

The Manager's main business is managing the Fund and any other funds and portfolios established under the Master Trust Deed. The Manager invests the Fund's money in assets,

primarily loans to retirement and aged care operators, and takes fees. The assets and fees are described in this document. By investing in this Fund, you are relying on the investment decisions of the Manager and returns from the assets that the Fund invests in. The purpose of the offer is to raise money to enable the Manager to lend money to more retirement and aged care operators selected by us. This will enable the retirement and aged care operators to establish new, or develop existing, Retirement Villages and Aged Care Facilities.

The registered office and address of the Manager is Sargent & Franicevic, Level 19, Tower Centre, 45 Queen Street, Auckland 1140, New Zealand.

The Manager (company number 3143986) was established in New Zealand under the Companies Act 1993 on 8 October 2010.

The Directors of Senior Trust Management Limited are:

- Joseph van Wijk
- Raymond Clive Jimmieson
- Scott Daniel Lester

#### Who else is involved?

	Name	Role
<b>Supervisor</b>	The New Zealand Guardian Trust Company Limited	Appointed by the Manager to oversee the management and administration of the Fund. The Supervisor is licensed under the Financial Markets Supervisors Act 2010.
<b>Registrar</b>	Link Market Services Limited	Appointed by the Manager to hold the Register of Unitholders.
<b>Auditor</b>	William Buck Christmas Gouland Limited	Appointed by the Manager to audit the financial statements for the Fund.
	Senior Trust Capital Limited	A related company of the Manager, appointed by the Manager to provide certain services under a Management Services Agreement. A copy of that agreement can be found on the Disclose register at <a href="http://www.business.govt.nz/disclose">www.business.govt.nz/disclose</a> , scheme number SCH10491.

#### No guarantee

None of the Supervisor, the Manager, nor any other person guarantees the payment of any

money payable from the Fund or any return on any investment made pursuant to this Information Memorandum.

#### **Statements of future performance**

This Information Memorandum contains certain statements that relate to the future. Such statements are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Manager and which may cause actual results, performance or achievements of the Fund to differ materially from those expressed or implied by such statements.

#### **Statements of past performance**

The past performance of investments by persons associated with the Fund or the Manager is not necessarily a guide as to the future performance of the Fund. The performance of the Fund is dependent on the success of the particular investments the Fund makes. The success of previous investments should not, therefore, be taken to suggest that past performance will necessarily be repeated or be similar to future performance.

## 11 How to complain

Complaints about the Units can be made to:

The Directors  
Senior Trust Management Limited  
Level 19  
45 Queen Street  
PO Box 113 120  
Newmarket  
Auckland

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).

## 12 Where you can find more information

Further information relating to the scheme and the managed investment products (for example, financial statements) is available on the Disclose register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose), scheme number SCH10491.

A copy of the information on the Disclose register is available on request to the Registrar.

A copy of that information can also be obtained from the Manager by contacting the Manager at:

The Directors  
Senior Trust Management Limited  
Level 19  
45 Queen Street  
PO Box 113 120  
Newmarket  
Auckland

Telephone 0800 609 600

We must keep, and make available for inspection by investors, the Fund's annual report and the part of the register of Units maintained in respect of the Fund that concerns that the relevant investor's Units.

These documents can be inspected during working hours at the above address on giving 5 working days' notice to the Manager.

The Manager is subject to a disclosure obligation that requires it to notify certain material information to NZX for the purpose of that information being made available to participants in the market. That information can be found by visiting [www.nzx.com/companies/SRF](http://www.nzx.com/companies/SRF).

## 13 How to apply

Prospective investors wishing to apply for Units must apply to the Manager on the Application Form found at the back of this document who may accept the application and bank the application money on behalf of the Supervisor. The Manager may, in its absolute discretion, accept or refuse or accept in whole or in part any application and the Manager is not required to give any reason for such refusal. If the Manager refuses an application, the subscription moneys will be returned to the prospective investor without interest within 5 Business Days.

## 14 Glossary

Aged Care Facility	Aged Care Facilities may not be registered Retirement Villages but are usually associated with a registered Retirement Village or a facility that intends to register. Aged Care Facilities are licensed by the relevant District Health Board (DHB) and provide care on the basis of an age-related residential care contract with the DHB. This may include swing beds which are licensed by a DHB for use by the general public.
Auditor	William Buck Christmas Gouwland Limited.
Business Day	Any day (other than a Saturday or Sunday) on which banks in Auckland are open for business.
Calendar Quarter	The four quarters of a calendar year beginning on 1 January, 1 April, 1 July and 1 October.
Distribution Date	The last day of each Calendar Quarter.
Distribution Period	Each Calendar Quarter.
Establishment Deed	The Establishment Deed for the Fund dated 10 March 2016, established under the Master Trust Deed.
FCV	Future completed value.
Final Offer Close Date	The Manager intends to offer Units until the earlier of: <ul style="list-style-type: none"> <li>the date on which a maximum of 45 million Units have been issued; and</li> <li>11th March 2020.</li> </ul>
Fund	The Senior Trust Retirement Village Listed Fund offered in this Information Memorandum
Gross Asset Value	The gross asset value means, in respect of the Fund, and in respect of each Valuation Day, such sum as is ascertained and fixed by the Manager being the aggregate of: <ul style="list-style-type: none"> <li>the Market Value of the Investments of the Fund on that Valuation Day; and</li> <li>any income accrued or payable in respect of the Fund on that Valuation Day but not included in such Market Value;</li> </ul>
Investment Period	The period from the date of allotment of the first Units in the Fund until the Maturity Date.
Loan to value ratio or LVR	Includes all pari passu and prior ranking security (but excludes all fully subordinated indebtedness).



Manager	Senior Trust Management Limited.
Master Trust Deed	The Master Trust Deed dated 19 October 2010.
Maturity Date	11 March 2021, or any earlier date at our sole discretion.
Net Asset Value	The Net Asset Value per Unit is determined by taking the gross asset value of the Fund, deducting all liabilities of the Fund and income earned but not distributed and dividing the result by the number of Units on issue.
NZX	NZX Limited.
NZX Firm	An entity designated as an NZX firm under the Participant Rules of NZX.
NZX Main Board	The main board equity security market, operated by NZX.
Portfolio E	Portfolio E of the Senior Trust Retirement Village Fund established under a Supplementary Deed dated 14 October 2014.
Prescribed Investor Rate	The rate a Unitholder has or may elect under the Income Tax Act 2007 in relation to income allocated to them by a PIE.
Record Date	The record date for a distribution as determined under the NZX Main Board Listing Rules.
Redemption Price	The Net Asset Value per Unit as at the relevant date on which a Unit is redeemed.
Registrar	Link Market Services Limited.
Retirement Village	<p>Means a village owned by an entity which owns real property predominantly intended for the residential use of persons above a defined age, and which must be registered under the Retirement Villages Act if it wishes to sell occupation right agreements. Retirement Villages may include any of the following:</p> <ul style="list-style-type: none"> <li>• a fully developed Retirement Village;</li> <li>• a partially developed Retirement Village which has further development plans, and includes its associated development or expansion activity;</li> <li>• a Retirement Village development underway; and</li> <li>• bare land which is intended for the development of a Retirement Village.</li> </ul> <p>For the last two categories, the development plans may be such that common facilities or related facilities (such as Aged Care Facilities or hospitals) may be constructed prior to, during or after the Retirement Village element of the development.</p>

Retirement Villages Act	Retirement Villages Act 2003 and its related legislation.
Senior Trust Capital	Senior Trust Capital Limited, a related company of the Manager.
Supervisor	The New Zealand Guardian Trust Company Limited.
Unit	A unit in the Fund.
Unitholder	A person for the time being registered in the Unit Register as the holder of a Unit and includes persons jointly registered.
Unit Register	The register of Unitholders maintained in accordance with our Trust Deed.
Valuation Day	When the Fund is open it relates to the day on which the units are issued. Units will be issued at least once during each calendar month, which will be at least by the last business day of the month. The valuation day will also include the Maturity date of the Fund.
We, us, our	The Fund or the Manager, as the context requires.

## Section 15

### Senior Trust Retirement Village Listed Fund – Application form

This Application Form represents an offer to purchase Units in the Senior Trust Retirement Village Listed Fund under the exclusion for offers of financial products of the same class as quoted financial products in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013, the terms of which were described in the Information Memorandum dated 28 June 2017. Any capitalised terms used in this Application Form but not defined have the same meaning as given to those terms in the Information Memorandum. If you require assistance filling in this Application Form, please call the Registrar.

#### A. APPLICANT DETAILS

First name(s):		Surname:	
Street Address		DOB	
First name(s):		Surname:	
Street Address		DOB	
First name(s):		Surname:	
Street Address		DOB	
Company / Trust / Account Designation			
Postal address			
City:	Postcode:	Country:	
Telephone	Mobile:	Daytime:	

#### B. APPLICATION & PAYMENT

I wish to purchase Units for the following NZ\$ Amount:

\$

**Applications for purchase of Units must be accompanied by payment in the correct amount.** This Application Form and any payments must be sent to Senior Trust Management Limited ("Manager") as per the instructions on the reverse of this application form.

**The minimum amount you can apply for is \$100.00 and then in multiples of \$100.00 thereafter.** The unit price will be calculated at least monthly on the next Valuation Day in the month after receipt of funds to allow for bank clearance of your payment. Your Units will be allotted on that Valuation Day or, if your payment is received after 2pm on a Valuation Day, on the next Valuation Day following receipt of your payment.

**Choose ONE of the PAYMENT options only below. Please tick the box next to your selected option.**

☐

**Option 1: Please make a one-time DIRECT DEBIT it from my bank account stated below.**

By ticking this box and submitting this Application Form, I agree that the Registrar is authorised to withdraw from this account the full dollar amount of Units applied for on the terms and conditions for one-time direct debit. **Please confirm with your bank that payments can be direct debited from this account.**

☐

**Option 2: Please find attached my payment by CHEQUE for the dollar amount of Units applied for above made payable to "Senior Trust Listed Fund offer" and crossed "Not Transferable".**

**1% of the amount you apply for will be deducted from your application monies to meet fees charged by NZX and other subscription costs, and the number of Units allotted to you will be reduced accordingly.** You can elect to purchase more Units from your quarterly distribution payments up to the total amount of Units for which you originally applied.

☐

**Yes I wish to purchase more Units from my quarterly distribution payments up to the total amount of Units for which I originally applied above.**

**Please provide New Zealand dollar bank account details for direct debit (if you selected Option 1) and/or direct credit of your quarterly distribution payments.** If you wish to have your distribution paid into a different bank account than the one provided below for direct debit purposes, you need to advise Link Market Services of the account details in writing.

**PLEASE NOTE:** No distribution payments will be made to Unitholders by cheque. Payments will be withheld until such time a bank account is provided to the Registrar, Link Market Services.

Name of Bank:

Name of Account:

Bank

Branch

Account Number

Suffix

**If you wish your distribution payments to be direct credited to your Cash Management Account held with an NZX Firm, please provide the following details:** Direct credit to my Cash Management Account:

Name of NZX Firm where Cash Management Account is held:

Cash Management Account Number:

**C. COMMON**

### SHAREHOLDER NUMBER (CSN)

If you have a CSN for any other securities you hold which is in the exact same name as this application, please enter it here. If you do not have a CSN, leave the space blank and you will be allocated a CSN and Authorisation Code (**FIN**) when your Units are allotted.

### D. ELECTRONIC COMMUNICATIONS

**I agree to receive my Unitholder communications via email at my email address provided below:**

### E. IRD NUMBER

Only one IRD number is required in respect of a joint application

- ☐ Please tick this box if you hold an **RWT exemption certificate** from the IRD and attach a **copy** of your RWT exemption certificate.
- ☐ Please tick this box if you are a non- resident for NZ tax purposes; under the Income Tax Act 2007, you will be treated as a NZ tax resident unless this box is ticked.
- ☐ Please tick this box if you are a US resident, citizen or taxpayer.

### F. VERIFICATION OF YOUR IDENTIFY

All applicants must provide details of their drivers licence which will be used for AML/CFT Act verification purposes along with your DOB and Street address provided in "A" of this application form.

**APPLICANT #1:** NZ Drivers Licence number:

Licence version:

**APPLICANT #2:** NZ Drivers Licence number:

Licence version:

If you don't have a driver's licence you can provide some other form of identification such as a passport or a birth certificate. If you do not provide these details your application form cannot be processed.

## G SIGNATURE(S) OF APPLICANTS

I/we hereby acknowledge that I/we have read the terms and conditions set out in this Application Form, and apply for the dollar amount of Units as set out above and agree to accept such Units (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in this Application Form. I/We consent to the Registrar verifying my/our identity electronically using my/our details provided by providing those details to a credit reporting agency or any other person or entity for the sole purpose of identity verification. The Application Form must be signed by, or on behalf of, each Applicant. If the Applicant is a company or other entity, it should be signed by a duly authorised person in accordance with any applicable constitution or governing document. If the Applicant is a minor (under the age of 18) the parent or legal guardian should sign the Application Form on the Applicant's behalf. If you elect to pay by one-time direct debit, you should ensure that the signatories are consistent with your bank authorities.

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date
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## H RETURN OF APPLICATION

Please submit your completed application form and payment in any of the following ways:

**SCAN & EMAIL:** info@seniortrust.co.nz

**MAIL:** Senior Trust, PO Box 112 130, Newmarket, 1149

**Enquires to Investor Support line: 0800 605600**

### Terms and Conditions

By signing this Application Form:

- a) I / We agree to subscribe for Units upon and subject to the terms and conditions of this Application Form and I / we agree to be bound by the provisions thereof.
- b) I / We declare that all details and statements made by me / us in this Application Form are complete and accurate.
- c) I / We certify that, where information is provided by me / us in this Application Form about another person, I / we are authorised by such person to disclose the information to you and to give authorisation.
- d) I/We consent to the Registrar verifying my/our identity electronically using my/our details provided above and below by providing those details to a credit reporting agency or any other person or entity for the sole purpose of identity verification.
- e) I / We acknowledge that an application cannot be withdrawn or revoked by me / us once it has been submitted.
- f) I / We acknowledge that the Offer is only made in New Zealand, and by applying for Units, I / we agree to indemnify the Manager and its respective directors, officers, employees and agents in respect of any liability incurred by the Manager as a result of my / our breach of securities laws in any jurisdiction other than New Zealand.

The information in this Application Form is provided to enable the Manager and the Registrar to process your application, and to administer your investment. By signing this Application Form, you authorise the Manager and the Registrar to disclose information in situations where the Manager or the Registrar are required or permitted to do so by any applicable law or by a governmental, judicial or regulatory entity or authority in any jurisdiction. If you are an individual under the Privacy Act 1993, you have the right to access and correct any of your personal information.

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