2018 annual report

Senior Trust Retirement Village Listed Fund.

SENIOR TRUST

Contents

Annual report 2018

This 2018 Annual Report is a concise summary of our activities and financial position. All figures are expressed in New Zealand currency unless otherwise stated. Revenues and expenses are recognised exclusive of Goods and Services Tax.

Artist impression as the village is under development.

Letter from the Directors

Dear Unitholder,

Welcome to the 2018 Annual Report. Since commencement, the Senior Trust Retirement Village Listed Fund ("Fund"), has performed strongly against its commercial objectives, which is to manage risk whilst providing a strong, return to our unitholders.

A key objective has been ensuring that as we grow the Fund's lending portfolio we also achieve diversification through operator and geographical mix. Currently, the Fund lends to six well located, soundly run retirement village developments. The Fund is positioned to take advantage of further lending opportunities, and we continue to engage with operators of privately owned retirement villages and aged care facilities.

During the year there has been a significant number of new investors which has increased funds under management. Through effective utilization of these funds in conjunction with a strong focus on cost management, we were able to exceed the key commercial target for the Fund.

On an annual basis, distributions were paid at a rate of 6.6% (pre-tax) per annum which compares favourably to the long term targeted distribution rate of 6% (pre-tax) per annum.

The outlook for the Fund remains positive, however the Board are aware of the key risks associated with the Fund. Significant focus is therefore provided to risk management, compliance and effective governance.

In January 2018, we were therefore pleased to announce the appointment of Neville Brummer as an independent director. Neville has significant expertise in the development and commercial operations of both retirement villages and aged care facilities.

The Board's expectation for the year ahead is to build on the established foundations in order to maximize the return to our unitholders. This will be achieved through the consideration of new lending opportunities and engagement with our existing borrowers where current facilities are due to expire. It is also anticipated that due to the current level of investor interest, during the year the Fund will reach the maximum number of units that can be issued.

On an annual basis, distributions were paid at a rate of 6.6% (pre-tax) per annum which compares favourably to the long term targeted distribution rate of 6% (pre-tax) per annum.

We thank you for your continued support and investment in the Fund,

Yours faithfully,

S D Lester J Van Wijk N Brummer

2017/2018 Key highlights

DISTRIBUTIONS PAID AT A RATE OF

6.6%

(pre-tax) per annum*

EXCEEDED TARGETED DISTRIBUTION RATE OF

6.0%

(pre-tax) per annum

$2.6 million

OF REPORTED REVENUE

More than 100% increase

IN REVENUE WHEN COMPARED TO FY17

*The annual distribution rate is quantified using the quarterly distribution rates. Quarter 1 and 2 distributions were paid at the rate of 6% (pre-tax) per annum. Quarter 3 and 4 distributions were paid at the rate of 7.25% (pre-tax) per annum.

6 loans

TO WELL LOCATED, SOUNDLY RUN RETIREMENT VILLAGE DEVELOPMENTS

ACHIEVED diversification THROUGH OPERATOR & GEOGRAPHICAL MIX

34 million

UNITS ON ISSUE

FUNDS UNDER MANAGEMENT HAS INCREASED BY MORE THAN

100%

(when compared to FY17)

Continual

STRENGTHENING & DEVELOPMENT OF THE COMPLIANCE & RISK FUNCTION

NET ASSET VALUE HAS BEEN STABLE AT

$1.00

A specialist lender to the retirement village industry

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 requires a build of 11.4 villages per annum. The Board believes that, to meet this target, privately owned village operators will need to continue to deliver approximately 50% of the development pipeline.

We consider that the current lending environment, is a constraint on this segment of the retirement village industry achieving this development target. This provides commercial opportunities for the Fund as we are well positioned to provide capital to independent retirement village operators who are aligned with our investment criteria.

As illustrated in the map, the Fund currently lends to six retirement village developments throughout New Zealand. These loans adhere to the risk profile of the Fund and enable us to achieve the targeted return to our unitholders.

The facility limit is as stated or within the LVR Ratio of 60% whichever is lesser. *Artist impression as the village is under development.

The team

Scott Lester
Executive Director

Neville Brummer
Director

John Jackson
Investor Relations
Senior Trust Capital Ltd

Joseph van Wijk
Director

Raymond Clive Jimmieson
Head of Compliance

Board and regulatory environment

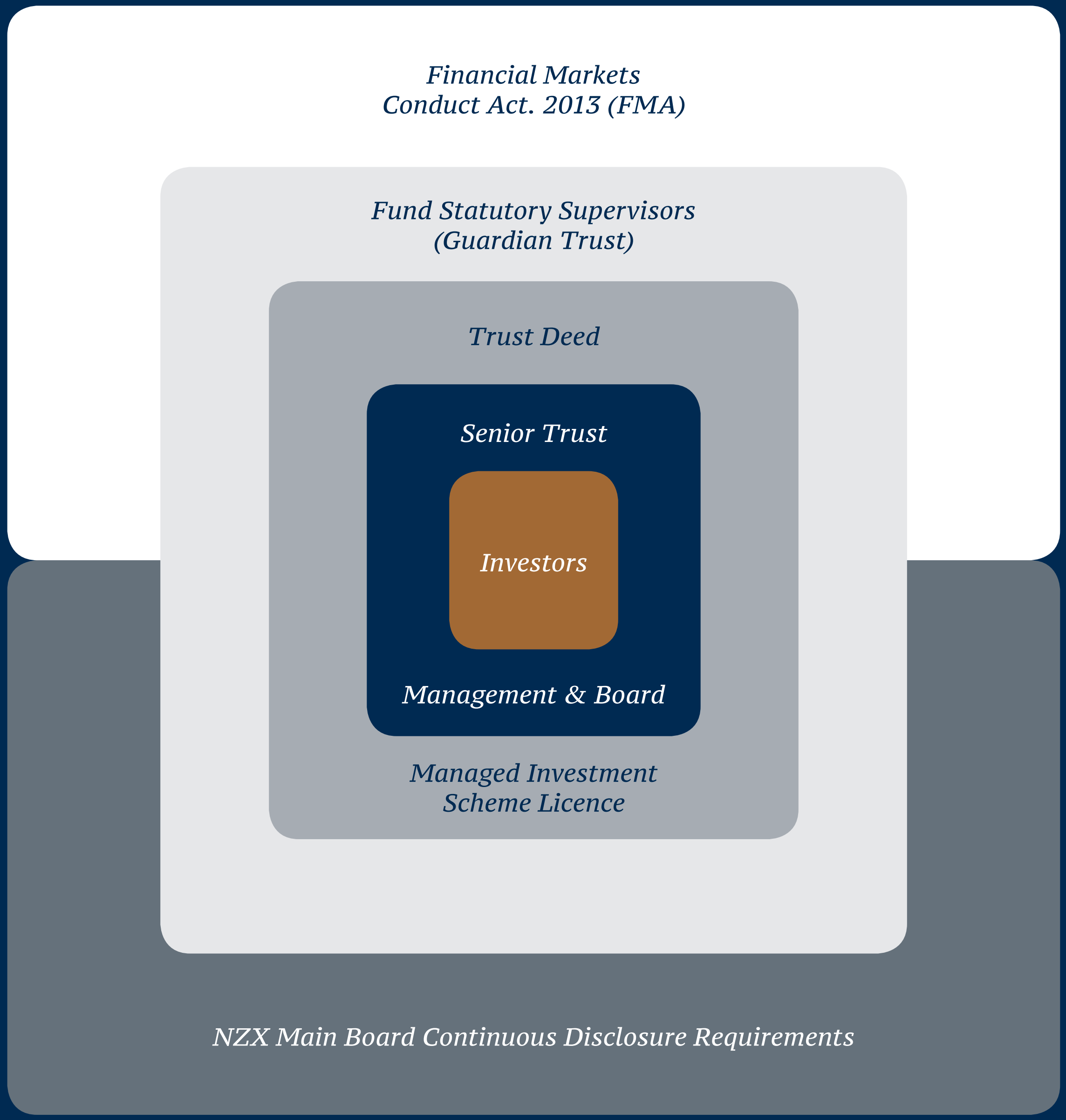
As the Fund is a registered managed investment scheme and is also listed on the NZX Main Board, the Board's corporate governance framework takes into account both the Financial Markets Conduct Act 2013 and the best practice code issued by the NZX (NZX Governance Code). The Board recognises that having an effective corporate governance framework is critical if the Fund is to deliver on behalf of its unitholders. Continual strengthening of the corporate governance framework has been a key focus of the Board.

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

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

Investor care environment

Senior Trust and the wider New Zealand regulatory environment are focused on holding the investor at the centre of any investment decision. The Senior Trust culture and structure has four layers of oversight that operate in favour of all our investors. Senior Trust works to ensure the closest possible connection to its investors at all times.



Financial statements

Senior Trust Retirement Village Listed Fund
Financial statements for the year ended 31 March 2018

Financial statements contents

Directors' statement

For the period ended 31 March 2018

The Directors' of the Manager present the financial statements for Senior Trust Retirement Village Listed Fund ("STRVLF") for the period ended 31 March 2018.

We have ensured that the financial statements for STRVLF give a true and fair view of the financial position of the Fund as at 31 March 2018 and its Comprehensive Income and cash flows for the period ended on that date.

We have ensured that the accounting policies used by the Company comply with generally accepted accounting practice in New Zealand and believe that proper accounting records have been kept. We have ensured compliance of the financial statements with the Financial Reporting Act 2013.

We also consider that adequate controls are in place to safeguard the Company's assets and to prevent and detect fraud and other irregularities.

The Directors of the Manger authorised these financial statements for issue on 25 May 2018.

Director	Director
Scott Lester	Neville Brummer

Business directory

IRD number

117-982-076

Nature of business

Investment

Registered office

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

Directors (Manager)

Joseph van Wijk
Scott Daniel Lester
Neville Brummer (appointed 22 January 2018)
Raymond Jimmieson (resigned 22 January 2018)

Supervisor

The New Zealand Guardian Trust Company Limited

Manager

Senior Trust Management Limited

Bankers

Bank of New Zealand

Auditors

William Buck Audit (NZ) Limited

Accountants

Staples Rodway

William Buck

Senior Trust Retirement Village Listed Fund

Independent auditor's report to the Unit Holders

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Senior Trust Retirement Village Listed Fund (the Fund), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 March 2018, and of its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis for Opinion

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

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

Key Audit Matters

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

CHARTERED ACCOUNTANTS & ADVISORS
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Auckland 1010, New Zealand
PO Box 106 090
Auckland 1143, New Zealand
Telephone: +64 9 366 5000
williambuck.co.nz

CARRYING VALUE OF LOANS RECEIVABLE	
Area of focus **Refer also to Notes 1, 4 and 10**	**How our audit addressed it**
The Fund has significant Loans Receivable with seven Parties totalling $29,130,852. The significant individual balances being: Whitby Village (2009) Limited $9,533,254 Quail Ridge Country Club Limited $8,964,112 Receivables are required to be carried at their recoverable amount The recoverability of the Loans receivable requires management judgement and continuous monitoring.	Our audit procedures included: — A review of all the underlying loan agreements, to ensure that all aspects have been accounted for correctly — Review and consideration of the early repayment clauses and whether any had been triggered — Review of the collateral value of the security over the loans and determined the adequacy of the LVR's and other factors We assessed the adequacy of the Fund's disclosures in respect of the transactions

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

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

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

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

Managers' Responsibilities

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Restriction on Distribution and Use

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

William Buck

William Buck Audit (NZ) Limited

Auckland
25 May 2018

Statement of comprehensive income

For the year ended 31 March 2018

	Note	2018 $	2017 $
Revenue and other income			
Interest income	5	2,449,491	1,228,394
Revenue from contracts with customers	5	177,068	52,838
		2,626,559	1,281,232
Less: expenses			
Finance costs	6	-	(419)
Administration and compliance expense	6	(1,096,278)	(577,076)
		(1,096,278)	(577,495)
Profit before income tax expense		1,530,281	703,737
Income tax expense	7	(428,479)	(197,046)
Net profit		1,101,802	506,691
Other comprehensive income for the year		-	-
Total comprehensive income		**1,101,802**	**506,691**
Earnings per unit			
Basic earnings per unit after tax (cents)	14	5.0	4.7
Diluted earnings per unit after tax (cents)	14	5.0	4.7

The accompanying notes form part of these financial statements.

Statement of financial position

As at 31 March 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	8	6,884,282	1,692,531
Receivables	9	293,630	139,623
Finance receivables	10	3,806,270	104,195
Other assets	11	7,202	7,188
Total current assets		10,991,384	1,943,537
Non-current assets			
Finance receivables	10	25,324,582	14,332,605
Deferred tax assets	7	6,914	6,830
Total non-current assets		25,331,496	14,339,435
Total assets		36,322,880	16,282,972
Current liabilities			
Payables	12	2,088,403	372,914
Current tax liabilities		121,867	52,858
Total current liabilities		2,210,270	425,772
Total liabilities		2,210,270	425,772
Net assets attributable to unitholders		**34,112,610**	**15,857,200**
Units	13	34,026,413	15,808,555
Retained earnings		86,197	48,645
Net assets attributable to unitholders		**34,112,610**	**15,857,200**

Signed in accordance with a resolution of the Manager.

Director: Scott Lester

Director: Neville Brummer

Dated this 25th day of May 2018

The accompanying notes form part of these financial statements.

Statement of changes in net assets attributable to unitholders

For the year ended 31 March 2018

	Units	Retained earnings	Total equity
	$	$	$
Balance as at 1 April 2016	5,530,950	6,735	5,537,685
Total comprehensive income for the year	-	506,691	506,691
Transactions with unitholders:			
Allotted investor units	10,277,605	-	10,277,605
Distribution to unitholders	-	(464,781)	(464,781)
Total transactions with unitholders	10,277,605	(464,781)	9,812,824
Balance as at 31 March 2017	**15,808,555**	**48,645**	**15,857,200**
Balance as at 1 April 2017	15,808,555	48,645	15,857,200
Total comprehensive income for the year	-	1,101,802	1,101,802
Transactions with unitholders:			
Allotted investor units	18,217,858	-	18,217,858
Distribution to unitholders	-	(1,064,250)	(1,064,250)
Total transactions with unitholders	18,217,858	(1,064,250)	17,153,608
Balance as at 31 March 2018	**34,026,413**	**86,197**	**34,112,610**

The accompanying notes form part of these financial statements.

Statement of cash flows

For the year ended 31 March 2018

	Note	2018	2017
		$	$
Cash flow from operating activities			
Interest received from borrowers		2,295,484	1,435,497
Receipts from customers - registry income		157,544	52,838
Receipts from customers - other income		19,524	-
Payments to suppliers		(956,341)	(523,217)
Finance costs		-	(419)
Income tax paid		(359,554)	(177,227)
Net cash provided by operating activities	16(a)	1,156,657	787,472
Cash flow from investing activities			
Loans advanced to retirement villages		(14,832,978)	(9,889,651)
Proceeds from Manager		138,926	173,659
Net cash (used in) investing activities		(14,694,052)	(9,715,992)
Cash flow from financing activities			
Proceeds from units allotted		18,167,558	10,207,605
Proceeds from units un-allotted		1,400,649	50,300
Unitholder distributions paid		(839,061)	(376,772)
Net cash provided by financing activities		18,729,146	9,881,133
Reconciliation of cash and cash equivalents			
Cash at beginning of the financial year		1,692,531	739,918
Net increase in cash held		5,191,751	952,613
Cash and cash equivalents at end of financial year	16(b)	**6,884,282**	**1,692,531**

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 March 2018

Note 1: Statement of significant accounting policies

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

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

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

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

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

From 11 March 2016, the Manager was licensed under the Financial Markets Conduct Act 2013 to be the Manager of the Senior Trust Retirement Village Listed Fund. Accordingly, the Fund transitioned to the Financial Markets Conduct Act 2013 on 11 March 2016. Any offers in the Fund made after that date are therefore being made under the Act.

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

The financial statements were authorised for issue by the Manager of the Fund on 25 May 2018.

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

Note 1: Statement of significant accounting policies (continued)

(a) Basis of preparation of the financial statements

Statement of compliance

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

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

Historical Cost Convention

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

(b) Functional and presentation currency

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

(c) Revenue and other income

Interest income

Refer note 1(d).

NZ IFRS 15 was adopted in the current period and had no impact.

Registry income

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

Other income

Other income is recognised as it is earned.

Note 1: Statement of significant accounting policies (continued)

(d) Financial instruments

Accounting policies applied from 1 April 2017

Classification

The Fund classifies its financial instruments as amortised cost.

Financial assets

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

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

Measurement

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

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

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

Interest income

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

Impairment

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

The Fund assesses on a forward looking basis the expected credit losses associated with its finance receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 4(a) details how the Fund determines whether there has been a significant increase in credit risk. If there has been a significant increase in credit risk then lifetime expected credit losses are recognised. If there has not been a significant increase in credit risk then 12 months expected credit losses are recognised.

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

Note 1: Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Accounting policies applied from 1 April 2017 (continued)

Financial liabilities

Financial liabilities include trade payables and other creditors.

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

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

Accounting policies applied to 31 March 2017

The Fund has applied NZ IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Funds's previous accounting policy.

Classification

The Fund classifies its financial instruments based on the purpose for which the instruments were acquired.

Management determines the classification of its financial instruments at initial recognition.

Financial assets

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

Financial assets are initially recognised at fair value, plus directly attributable transaction costs (if any).

Cash and cash equivalents

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

Finance receivables

Finance receivables are recognised at fair value at inception and subsequently measured at amortised cost using the effective interest rate method less provision for impairment.

Note 1: Statement of significant accounting policies (continued)

(d) Financial instruments (continued)

Accounting policies applied to 31 March 2017 (continued)

Impaired financial assets and past due financial assets

Impaired financial assets are those loans for which the Fund has evidence that it has incurred a loss, and will be unable to collect all principal and interest due according to the contractual terms of the loan.

Past due financial assets are any assets, which have not been operated by the counterparty within its key terms but are not considered to be impaired by the Fund.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

Individually significant assets are tested for impairment on an individual basis. All loans that are unimpaired when subject to an individual impairment assessment are then subject to a collective impairment assessment after grouping exposures based on credit risk characteristics relating to arrears and loan to value ratio. All other financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss in the statement of comprehensive income.

Financial liabilities

Financial liabilities include trade payables and other creditors.

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

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

Note 1: Statement of significant accounting policies (continued)

(e) Income tax

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

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

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

(f) Units

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

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

(g) Segment reporting

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

(h) Goods and services tax (GST)

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

(i) Comparatives

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

Note 1: Statement of significant accounting policies (continued)

(j) Adoption of new and amended accounting standards that are first operative

The Fund has elected to apply the following new standards:

- NZ IFRS 9 Financial Instruments. In accordance with the transitional provisions in NZ IFRS 9 comparative figures have not been restated.
- NZ IFRS 15 Revenue from Contracts with Customers. In accordance with the transition provisions in NZ IFRS 15 the new rules have been adopted retrospectively.

None of these standards and interpretations had a material impact on the Fund's assets and liabilities.

The Fund does not have any leases, accordingly NZ IFRS 16 Leases has no impact on these financial statements and is not applicable.

Note 2: Changes in accounting policies

As explained in note 1(j), the Fund has adopted NZ IFRS 9 and NZ IFRS 15.

NZ IFRS 9 Financial instruments

NZ IFRS 9 has resulted in changes in accounting policies however there has been no adjustment to the amounts recognised in the financial statements.

The accounting policies were changed to comply with NZ IFRS 9. NZ IFRS 9 replaces the provisions of NZ IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. NZ IFRS 9 also significantly amends other standards dealing with financial instruments such as NZ IFRS 7 Financial Instruments: Disclosures.

Classification and measurement of financial instruments - There have been no changes to classification and measurement of financial instruments.

Impairment of financial assets - Trade receivables and and finance receivables, both carried at amortised cost, are subject to NZ IFRS 9's new expected credit loss model.

The Fund was required to revise its impairment methodology under NZ IFRS 9 for each of these classes of assets.

There was no impact resulting from the change in impairment methodology on the Fund's equity.

NZ IFRS 15 Revenue from contracts with customers

NZ IFRS 15 has not resulted in changes in accounting policies or adjustment to the amounts recognised in the financial statements.

Note 3: Significant accounting estimates and judgements

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

Significant estimates relate to impairment of loans. The provision is based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer note 4(a).

The Manager reviews each loan against its internal risk matrix.

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

In addition the Manager considers:

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

Impairment of loans has been estimated as nil (2017: nil).

Note 4: Financial risk management

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

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

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

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

Note 4: Financial risk management (continued)

The Fund holds the following financial instruments:

	2018	2017
	$	$
Financial assets - amortised cost		
Cash and cash equivalents	6,884,282	1,692,531
Receivables	293,630	139,623
Finance receivables	29,130,852	14,436,800
	36,308,764	16,268,954
Financial liabilities - amortised cost		
Un-allotted units	1,400,649	50,300
Payables	687,754	322,614
	2,088,403	372,914

(a) Credit risk

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

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

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

The Manager reviews each loan against its internal risk matrix.

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

In addition the Manager considers:

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

Note 4: Financial risk management (continued)

(a) Credit risk (continued)

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

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

Maximum Exposure to Credit Risk

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

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

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

After undertaking the procedures outlined above and including reviewing credit risk characteristics relating to arrears and loan to value ratio there is no provision for impairment of financial assets (2017: nil).

Note 4: Financial risk management (continued)

Credit Quality per Class of Financial Assets

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

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

Collateral and Other Credit Enhancements

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

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

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

Whitby Village (2009) Limited is currently secured by a second mortgage advances over the retirement village, behind the BNZ bank and subject to a first ranking encumbrance registered in favour of the statutory supervisor.

Note 4: Financial risk management (continued)

Risk concentrations of the Maximum Exposure to Credit Risk

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

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

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

99% (2017: 96%) of the Fund's loans are to the retirement village industry and 1% (2017: 4%) are to the Fund's Manager.

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

	2018	2017
Auckland	3,531,411	4,020,975
Rest of North Island	18,699,441	7,908,034
South Island	6,900,000	2,507,791
	29,130,852	**14,436,800**

(b) Liquidity risk

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

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

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

Note 4: Financial risk management (continued)

(b) Liquidity risk (continued)

Maturity analysis

The tables below present contractual undiscounted cash flows payable to the Fund for financial instruments and unrecognised loan commitments based on contractual maturity (which is the same as expected maturity, refer to note 10 early repayment clauses).

Year ended 31 March 2018	On demand	0-12 months	1-3 years	3-4 years	Total contractual cash flows	Carrying amount
	$	$	$	$	$	$
Cash and cash equivalents	6,884,282	-	-	-	6,884,282	6,884,282
Receivables	293,630	-	-	-	293,630	293,630
Finance receivables	-	7,238,241	28,552,365	-	35,790,606	29,130,852
Un-allotted units	(1,400,649)	-	-	-	(1,400,649)	(1,400,649)
Payables	(687,754)	-	-	-	(687,754)	(687,754)
Net maturities	**5,089,509**	**7,238,241**	**28,552,365**		**40,880,115**	**34,220,361**

Year ended 31 March 2017						
Cash and cash equivalents	1,692,531	-	-	-	1,692,531	1,692,531
Receivables	139,623	-	-	-	139,623	139,623
Finance receivables	-	1,771,484	16,220,408	143,643	18,135,535	14,436,800
Un-allotted units	(50,300)	-	-	-	(50,300)	(50,300)
Payables	(322,614)	-	-	-	(322,614)	(322,614)
Net maturities	**1,459,240**	**1,771,484**	**16,220,408**	**143,643**	**19,594,775**	**15,896,040**

(c) Interest rate risk

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

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

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

Note 4: Financial risk management (continued)

(c) Interest rate risk (continued)

2018 Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average interest rate
	$	$	$	
Financial assets				
Cash and cash equivalents	6,884,282	-	6,884,282	1.5 %
Receivables	-	293,630	293,630	0.0 %
Finance receivables	29,130,852	-	29,130,852	11.3 %
	36,015,134	**293,630**	**36,308,764**	

2018 Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average interest rate
	$	$	$	
Financial liabilities				
Un-allotted units	-	1,400,649	1,400,649	0.0 %
Payables	-	687,754	687,754	0.0 %
	-	**2,088,403**	**2,088,403**	

2017 Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average interest rate
	$	$	$	
Financial assets				
Cash and cash equivalents	1,692,531	-	1,692,531	1.5 %
Receivables	-	139,623	139,623	0.0 %
Finance receivables	14,436,800	-	14,436,800	11.6 %
	16,129,331	**139,623**	**16,268,954**	

2017 Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Weighted average interest rate
	$	$	$	
Financial liabilities				
Un-allotted units	-	50,300	50,300	0.0 %
Payables	-	322,614	322,614	0.0 %
	-	**372,914**	**372,914**	

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

Note 4: Financial risk management (continued)

(d) Fair values compared with carrying amounts

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

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

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

Note 5: Revenue and other income

	2018	2017
	$	$
Revenue from financial instruments		
Interest income		
Whitby Village (2009) Limited	635,379	439,009
Palm Grove Partnership	490,140	495,515
Quail Ridge Country Club Limited	724,228	181,597
Roys Bay Estate Limited	331,166	51,761
Arrowtown Lifestyle Retirement Village Joint Venture	184,532	663
Hauraki Village Limited	24,775	-
Senior Trust Management Limited	37,430	49,047
Bank	21,841	10,802
	2,449,491	1,228,394
Revenue from contracts with customers		
Registry income	157,544	52,838
Other income	19,524	-
	177,068	52,838
	2,626,559	**1,281,232**

Disaggregation of revenue from contracts with customers

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

The fund operates in one geographical area - New Zealand.

Note 6: Operating profit

	2018	2017
	$	$
Profit before income tax has been determined after:		
Finance costs		
- Interest expense	-	419
Administration and compliance expense		
- Administration expenses	55,388	51,641
- Compliance expenses	264,951	139,087
- Management fees (refer note 15)	758,689	370,761
- Trustee fees	17,250	15,587
	1,096,278	**577,076**
Remuneration of auditors for:		
William Buck Audit (NZ) Limited		
Audit and assurance services		
- Audit of the financial statements	23,000	23,000

Trustee's Fees

The Trustee's remuneration for carrying out the Trustee's functions in relation to the Fund is an annual fee agreed from time to time between the Manager and the Trustee. Until agreed otherwise, the Trustee's fee is $17,500 per annum. The Trustee's fee accrues from day to day and is payable by the Trustee out of the assets of the Fund quarterly within 14 days of each Distribution Date. In addition, the Trustee is entitled to charge special fees for services of an unusual or onerous nature outside the Trustee's regular services. There is no limit to the amount of special fees that may be charged.

Trustee's fees will increase to $25,000 plus GST per annum, effective from 1 July 2018.

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

Note 7: Income tax

(a) Components of tax expense

	2018 $	2017 $
Current tax	428,563	200,012
Deferred tax	(84)	(2,966)
	428,479	**197,046**

(b) Prima facie tax payable

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Prima facie income tax payable on profit before income tax at 28.0% (2017: 28.0%)	428,479	197,046
Income tax expense attributable to profit	**428,479**	**197,046**

(c) Deferred tax

Deferred tax relates to the following:

Deferred tax assets		
The balance comprises:		
Accruals	6,914	6,830
Net deferred tax assets	**6,914**	**6,830**

(d) Imputation credit account

Balance at beginning of the year	63,552	4,631
Taxation paid	359,546	177,227
Imputation credits attached to distributions	(322,099)	(118,306)
Balance at end of the year	**100,999**	**63,552**

Note 8: Cash and cash equivalents

Applications account	1,404,332	50,556
Funding account	5,479,947	1,641,973
Current account	3	2
	6,884,282	**1,692,531**

Cash and cash equivalents are short term funds held with New Zealand registered banks. The application and funding bank accounts are held by the Supervisor, The New Zealand Guardian Trust, on behalf of the Fund. Both accounts bear interest on 1.5% (2017: 1.5%) per annum. The current account is non interest bearing.

Note 9: Receivables

	2018 $	2017 $
CURRENT		
Accrued interest	283,630	139,623
Other receivables		
Link Market Services – funds held	10,000	-
	293,630	**139,623**

Link Market Services – funds held

At 31 March 2018 $10,000 (2017: $nil) was held at Link Market Services (registry provider to the fund). This was non-interest bearing and unsecured. The money was released to the Fund on 3 April 2018.

Note 10: Finance receivables

CURRENT		
Amounts receivables from:		
- Senior Trust Management Limited	104,195	104,195
- Hauraki Village Limited	202,075	-
- Roys Bay Estate Limited	3,500,000	-
	3,806,270	**104,195**
NON CURRENT		
Amounts receivables from:		
- Whitby Village (2009) Limited	9,533,254	4,870,325
- Palm Grove Partnership	3,149,362	3,500,000
- Quail Ridge Country Club Limited	8,964,112	3,037,709
- Roys Bay Estate Limited	-	1,757,791
- Arrowtown Lifestyle Retirement Village Joint Venture	3,400,000	750,000
- Senior Trust Management Limited	277,854	416,780
	25,324,582	**14,332,605**

Note 10: Finance receivables (continued)

Senior Trust Management Limited

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

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

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

Whitby Village (2009) Limited

The loan to Whitby (2009) Limited (Whitby) was refinanced on 20 December 2017. The maximum amount available for drawdown is $15,000,000. The loan expires 28 February 2021. The loan earns interest at the following rates:

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

The original loan to Whitby expired no later than 30 September 2018, earned interest at a rate of 9.75% per annum and was secured by a first registered mortgage. A variation agreement of the original loan was signed on 26 July 2016 where the maximum amount available for drawdown was increased from $15,000,000 to $20,000,000.

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

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

Repayment clauses:

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

Note 10: Finance receivables (continued)

Whitby Village (2009) Limited (continued)

Repayment clauses (continued):

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

Fees are not charged on undrawn facilities.

The loan securities are as follows:

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

The BNZ Bank has the following security:

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

The estimated collateral value of the security over the loan is $39.3 million, consisting of $33.8 million based on a valuation at 31 March 2018 performed by a registered valuer and $5.5 million based on a Quantity Surveyors estimate of work in progress. Including all prior ranking security (the BNZ Bank prior ranking debt of $10.2 million), this represents a LVR of 50.14%. The valuation was determined by quantifying the interest in the underlying freehold asset expressed as the Operator's interest subject to the terms of occupancy between the operators and residents. The value of the work in progress for stage 5 of the development is calculated by a quantity surveyor.

Valuation of the Operator's interest in the village has has been performed based on a discounted cash flow methodology where the projected gross income is reduced by actual and forecasted non recoverable costs. The future cash flows expected to be generated from the Operator's interest have been discounted to the valuation date at a discount rate reflecting the risk of the Operator's interest. Significant assumptions used by the valuer include a discount rate of 14%. Other assumptions used by the valuer include current unit pricing, turnover of units, growth rates and non recoverable expenses and income and expense flows. In addition to the Operator's interest of $30,480,000 the valuation consists of unsold primary stock (apartments), basement car parks and development land.

In prior year the estimated collateral value of the security over the loans, joint with Senior Trust Retirement Village Fund – Portfolio E, was $28.2 million which taken together represented a LVR of 47%. The fair value of the collateral was determined by the directors of the Manager after reviewing information scoured from readily available market data, engagement with the borrower and reviewing recent sales data of units in the village. This assessment was only used for financial reporting purposes as opposed to being used as a basis for lending.

Note 10: Finance receivables (continued)

Whitby Village (2009) Limited (continued)

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge. After undertaking the procedures outlined in note 4(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2017: nil).

Palm Grove Partnership

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

The Fund has first mortgage security and Senior Trust Capital Limited 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.

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

The loan expires on 1 December 2019. The loan earns interest at a rate of 14.75% per annum.

Repayment clauses:

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

(b) No prepayment - Subject to (a) above, the Borrower may not prepay the whole or any part of the loan prior to the expiry date unless otherwise approved in writing by the Lender.

(c) Remaining payments - Subject to (b) above, if the Borrower prepays part of the loan then interest will continue to accrue at the interest rate on the remaining unpaid balance of the moneys owed and interest and the balance of the moneys owed will otherwise be payable at the times and in the manner as provided for in the loan agreement.

(d) Final repayment - The loan is repaid in full on the expiry date of 1 December 2019.

Note 10: Finance receivables (continued)

Palm Grove Partnership (continued)

The Directors expect to engage with the Borrowers prior to the expiry date of the current facility with regards to entering into a new term loan agreement. If both parties are in agreement, the Board will undertake due diligence to ensure that entering into an agreement continues to align with the investment objectives of the Fund and is in the beneficial interests of the unitholders.

The loan securities are as follows:

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

The collateral value of the security over the loans is $6.4 million which represents a LVR of 49%. The fair value of the collateral was based on a valuation performed by a registered valuer dated 31 March 2018. The valuation was determined by quantifying the interest in the underlying freehold asset expressed as the Operator's interest subject to the terms of occupancy between the operators and residents.

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

In prior year the estimated collateral value of the security over the loans was $7.0 million, representing a LVR of 50%. The fair value of the collateral was determined by the directors of the Manager after reviewing information scoured from readily available market data, unit sales within the retirement village and other publicly available sources. This assessment was only used for financial reporting purposes as opposed to being used as a basis for lending.

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge. After undertaking the procedures outlined in note 4(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2017: nil).

Note 10: Finance receivables (continued)

Quail Ridge Country Club Limited

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

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

A variation to one of the loan agreements with Quail Ridge Country Club Limited was signed on 19 April 2017. The loan has been increased from $2,000,000 to $11,000,000 with an interest rate of 12.25% to be reviewed annually.

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

Repayment clauses:

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

Repayment clauses (continued):

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

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

The Directors expect to engage with the Borrowers prior to the expiry date of the current facility with regards to entering into a new term loan agreement. If both parties are in agreement, the Board will undertake due diligence to ensure that entering into an agreement continues to align with the investment objectives of the Fund and is in the beneficial interests of the unitholders.

The loan securities are as follows:

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

Note 10: Finance receivables (continued)

Quail Ridge Country Club Limited (continued)

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

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

In the prior year the estimated collateral value of the security over the loans, joint with Senior Trust Retirement Village Fund – Portfolio E, was $12,975,000 which taken together represented a LVR of 39%. The fair value of the collateral was based on a valuation performed by a registered valuer dated 31 March 2017.

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge. After undertaking the procedures outlined in note 4(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2017: nil).

Roys Bay Estate Limited

The loan to Roys Bay Estate Limited (Roys Bay) expires no later than 31 March 2019. The loan earns interest at a rate of 12.5% per annum.

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

Repayment clauses:

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

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

Note 10: Finance receivables (continued)

Roys Bay Estate Limited (continued)

Repayment clauses (continued):

(c) Final repayment - The loan is repaid in full on the expiry date of 31 March 2019.

The Directors expect to engage with the Borrowers prior to the expiry date of the current facility with regards to entering into a new term loan agreement. If both parties are in agreement, the Board will undertake due diligence to ensure that entering into an agreement continues to align with the investment objectives of the Fund and is in the beneficial interests of the unitholders.

The loan securities are as follows:

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

The collateral value of the security over the loans is $11.0 million which represents a LVR of 31%. The fair value of the collateral was based on a valuation performed by a registered valuer dated 31 March 2018.

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

In prior year the estimated collateral value of the security over the loans, joint with Senior Trust Retirement Village Fund – Portfolio E, was $9.3 million which taken together represented a LVR of 30%. The fair value of the collateral was determined by the directors of the Manager after reviewing information scoured from readily available market data. This assessment was only used for financial reporting purposes as opposed to being used as a basis for lending.

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge. After undertaking the procedures outlined in note 4(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2017: nil).

Arrowtown Lifestyle Retirement Village Joint Venture

The loan to Arrowtown Lifestyle Retirement Village Joint Venture (Arrowtown) expires no later than 31 March 2020. The loan earns interest at a rate of 10.75% per annum.

Repayment clauses:

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

Note 10: Finance receivables (continued)

Arrowtown Lifestyle Retirement Village Joint Venture (continued)

Repayment clauses (continued):

(b) Remaining payments - Subject to (a) above, the Borrower may not pay the whole or any part of the loan prior to the anniversary of the first drawdown (i.e. 29 March 2018) unless otherwise approved in writing by the Lender. At any time after the anniversary date Arrowtown may prepay the whole or any part of the loan in multiples of $1,000 on giving not less than 90 days' prior written notice to the Manager with a copy of the Lender. If less than 90 days' notice is given then Arrowtown shall pay to the Lender, in addition to interest on the sum prepaid to the date of that prepayment, a prepayment penalty equivalent to an amount of up to 90 days interest on the sum prepaid (as reasonably determined by the Lender to compensate the Lender for its costs on early repayment). Amounts prepaid may not be redrawn except with the consent of the Lender.

(c) Final repayment - The loan is repaid in full on the expiry date of 31 March 2020.

The loan securities are as follows:

- by first ranking mortgage over the property subject to a first ranking encumbrance registered in favour of the statutory supervisor
- general security agreement from Arrowtown Retirement Investments Limited and Merryfield Investments Limited
- unlimited guarantee and indemnity from Richard Peter Anderson, Jennie Frances Anderson and Roger Francis Monk

The collateral value of the security over the loan is $9.8 million which represents a LVR of 35%. The fair value of the collateral was based on a valuation performed by a registered valuer dated 31 March 2018.

The valuation was determined by using a:

- 55% weighting quantifying the interest in the underlying freehold asset expressed as the Operator's interest subject to the terms of occupancy between the operators and residents. Valuation of the Operator's interest has been performed based on a discounted cash flow methodology whereby the future cash flows expected to be generated from the Operator's interest have been discounted to the valuation date at a discount rate reflecting the risk of the Operator's interest. Significant assumptions used by the valuer include a discount rate of 21.2%.
- 45% weighting using the sales comparison approach. Significant assumptions include rate per hectare for development land and rate per unit for unit.

In prior year the estimated collateral value of the security over the loan was $9.9 million, representing a LVR of 8%. The fair value of the collateral was determined by the directors of the Manager after reviewing information scoured from readily available market data. This assessment was only used for financial reporting purposes as opposed to being used as a basis for lending.

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge. After undertaking the procedures outlined in note 4(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary (2017: nil).

Note 10: Finance receivables (continued)

Hauraki Village Limited

The loan to Hauraki Village Limited (Hauraki) expires no later than 31 January 2019. The loan earns interest at a rate of 11.5% per annum.

Repayment clauses:

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

(b) Remaining payments - Subject to (a) above, the Borrower may not pay the whole or any part of the loan prior to the anniversary of the first drawdown (i.e. 2 February 2019) unless otherwise approved in writing by the Lender. At any time after the anniversary date Hauraki may prepay the whole or any part of the loan in multiples of $1,000 on giving not less than 90 days' prior written notice to the Manager with a copy of the Lender. If less than 90 days' notice is given then Hauraki shall pay to the Lender, in addition to interest on the sum prepaid to the date of that prepayment, a prepayment penalty equivalent to an amount of up to 90 days interest on the sum prepaid (as reasonably determined by the Lender to compensate the Lender for its costs on early repayment). Amounts prepaid may not be redrawn except with the consent of the Lender.

(c) Final repayment - The loan is repaid in full on the expiry date of 31 January 2019.

The loan securities are as follows:

- by first ranking mortgage over the property subject to a first ranking encumbrance registered in favour of the statutory supervisor
- general security agreement from Hauraki Village Limited
- unlimited guarantee and indemnity from Peter Herrick Andrew Rudkin

The collateral value of the security over the loans is $525,000 which represents a LVR of 38%. The fair value of the collateral was based on a valuation performed by a registered valuer dated 31 March 2018. The valuer has provided an assessment of the market value of the development after reviewing the units under construction and the infrastructural development.

The credit quality of the loan is estimated by the directors of the Manager and is considered to be very good based on their current knowledge. After undertaking the procedures outlined in note 4(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary.

Note 11: Other assets

	2018	2017
CURRENT	$	$
Prepayments	**7,202**	**7,188**

Note 12: Payables

CURRENT		
Unsecured liabilities		
Trade creditors	-	5,425
Sundry creditors and accruals		
Accrued distribution to investors	385,767	160,578
Un-allotted subscriptions	1,400,649	50,300
Accrued expenses	301,987	156,611
	2,088,403	**372,914**

Accrued distribution to unitholders

The accrued distributions were paid on 13 April 2018 (2017: 13 April 2017).

Un-allotted subscriptions

These are deposits received from investors where subscriptions are yet to be finalised at reporting date. These were all subsequently issued (2017: all subsequently issued).

Note 13: Trust funds

		2018	2017
Issued and paid-up units		$	$
34,026,413 (2017: 15,808,555) Units	(a)	**34,026,413**	**15,808,555**

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

(a) Units

	2018		2017	
	Number	$	Number	$
Opening balance	15,808,555	15,808,555	5,530,950	5,530,950
Units issued:	18,217,858	18,217,858	10,277,605	10,277,605
At reporting date	**34,026,413**	**34,026,413**	**15,808,555**	**15,808,555**

Capital management

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

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

The effective rate of the pre-tax distribution for December 2017 and March 2018 was 7.25%.

Note 14: Earnings per unit

Cents per unit	2018	2017
	cents	cents
Basic earnings per unit after tax	5.0	4.7
Diluted earning per unit after tax	5.0	4.7

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

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

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

If basic earnings per unit and diluted earnings per unit were calculated using profit before tax then the results would be 7.0 (2017: 6.5) cents and 7.0 (2017: 6.5) cents respectively.

Reconciliation of earnings used in calculating earnings per unit	2018	2017
	$	$
Profit attributable to the unitholders of the Fund used in calculating earnings per unit	1,101,802	506,691

Weighted average number of units used as the denominator		
Weighted average number of units used as the denominator in calculating basic earnings per unit	21,878,665	10,763,507
Weighted un-allotted units issued after balance date	26,862	1,240
Weighted average number of units and potential units used as the denominator in calculating diluted earnings per unit	**21,905,527**	**10,764,747**

Note 15: Related party transactions

(a) Amounts due from/(to) Senior Trust Management Limited

	2018	2017
	$	$
Finance receivables	382,049	520,975
Recharge expense	-	(408)
Management fees accrued and payable	(254,252)	(127,905)

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

(b) Amounts due from/(to) Palm Grove Partnership

Finance receivables	3,149,362	3,500,000
Interest receivable	38,726	43,846

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

(c) Transactions with Senior Trust Management Limited

Interest received	37,430	49,047
Management fees paid	758,689	370,761

(d) Transactions with Palm Grove Partnership

Interest received	490,140	495,515

(e) Transactions with Senior Trust Capital Limited

In the prior year Senior Trust Capital Limited held a total 50,000 units in the Fund. These were fully redeemed on 10 June 2016.

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

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

The loans acquired were:

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

Note 15: Related party transactions (continued)

(g) Transactions with key management personnel

Key management personnel are the directors of the Manager. There were no transactions with key management personnel during the year. Key management personnel hold a total of 9,000 (2017: 8,400) units in the Fund at the reporting date.

The Fund has no employees.

Note 16: Cash flow information

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

	2018	2017
	$	$
Profit from ordinary activities after income tax	1,101,802	506,691
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(154,007)	207,103
Increase in other assets	(14)	(7,188)
Increase in payables	139,951	61,047
Increase in income tax payable	69,009	22,785
Increase in deferred tax asset	(84)	(2,966)
Cash flows from operating activities	**1,156,657**	**787,472**

(b) Reconciliation of cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

Cash at bank	6,884,282	1,692,531
	6,884,282	**1,692,531**

Note 17: Capital and leasing commitments

There are no material capital commitments at the reporting date (2017: nil).

Note 18: Contingent liabilities

The Fund has no contingent liabilities at year end (2017: nil).

Note 19: Events subsequent to reporting date

There has been no other matter or circumstance, which has arisen since 31 March 2018 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2018, of the Fund, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 31 March 2018, of the Fund.

The Grove – Orewa

Artist impression as the village is under development.

Corporate Governance

The Directors of the Manager recognise the requirement for strong corporate governance practices. The Board of the Manager are committed to ensuring that the company delivers its objectives in accordance with best practice governance principles. On a regular basis, the Board of the Manager reviews and assesses the governance structures to ensure that it is fit for purpose, does not materially differ from the NZX Corporate Governance Best Practice Code and encourages the creation of value for the unitholders, whilst ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

Role and composition of the board

The Manager retains a Board of Directors which aims to ensure that unitholders' interests are held paramount.

The Directors of the Manager are responsible for the direction and control of the Fund and are accountable to unitholders and others for performance and compliance with the appropriate laws and standards.

A key responsibility of the Directors of the Manager is to monitor the performance of management on an ongoing basis.

The Listing Rules of the New Zealand Exchange requires a minimum of three Directors with at least two of the Directors ordinarily resident in New Zealand and with a minimum of two Independent Directors.

There are currently three Directors of the Manager and the Board considers that two Directors are independent in terms of the New Zealand Exchange requirements.

Independent Directors

- Neville Brummer
- Joseph van Wijk

Executive Director

- Scott Lester

On the 22 January 2018 Raymond Clive Jimmieson resigned as an independent Director. Neville Brummer was appointed as an independent Director on the 22 January 2018.

The Directors of the Manager met regularly during the year and received papers to read and consider before each Board meeting. The Directors of the Manager are provided at all times with accurate timely information on all aspects of the Fund's operations. The Directors of the Manager are kept informed of key risks to the Fund on a continuing basis. In addition, the Directors of the Manager meet whenever necessary to deal with specific matters requiring attention between the scheduled meetings. This includes, but not limited to, attending due diligence meetings on potential loans.

The Directors of the Manager annually review the performance of the Board as a whole and each Director.

Board committees

The Fund has been granted a waiver from Listing Rule 3.6 for the establishment of an Audit Committee. However, all of the Directors of the Manager are responsible for governance which includes a focus on audit and risk management, financial reporting and regulatory conformance. The Board of the Manager is accountable for ensuring the performance and independence of the external auditors.

Given the small size of the Board and due to the importance of Nomination and Remuneration matters, these are addressed by the Board of the Manager as a whole and consequently there is no separate Nomination or Remuneration Committee of the Manager.

Risk management and internal control

The Board of the Manager has overall responsibility for the Fund's system of risk management and internal control. The Board of the Manager has in place policies and procedures to identify areas of significant business risk and implement procedures to manage effectively those risks. Key risk management tools used by the Board of the Manager include the appointment of a Head of Compliance, outsourcing of certain functions to specialists within their field, internal controls, financial and compliance reporting procedures and processes, adoption of a compliance assurance plan, business continuity planning and insurance.

Policies and procedures

The Board of the Manager has adopted a range of policies that is designed to formalise its commitment to ensuring the Manager operates efficiently, is focused on achieving the Fund's objectives and is able to demonstrate accountability, transparency and the highest standards of ethical conduct. The policies provide all Directors of the Manager, employees and representatives with clear guidance on those standards.

Board charter

The Charter defines the Board's role, which is to govern the business and purposes of Senior Trust. The Board manages, supervises and promotes the interests of the business with a view to adding long-term value. The Charter details that the Board must have regard to Senior Trust's values, customer concerns and shareholder concerns. The Board is committed to leading Senior Trust through culture and values that focus on integrity and customer outcomes and aims to achieve an appropriate approach to compliance and adhere to regulatory obligations which include the Financial Market Conducts Act 2013 and the licence as manager of the Senior Trust Managed Investment Funds.

Conflicts of interests and related party transactions policy

The Conflicts of Interests and Related Party Transactions sets out the principles and procedures relating to the management of conflicts of interest and related party transactions. As a holder of a market services licence, the Directors and employees of Senior Trust and also all Directors, contractors or employees of an outsource entity must put the interests of the unitholders ahead of those of itself.

The policy also details the procedure whereby the Directors and employees of the Manager may trade in the Fund's units. Directors and employees of the Manager may not trade in the Fund's units when they have price sensitive information that is not publicly available.

Code of ethics

The Code of Ethics describes the minimum standards of conduct and behaviour that is expected of the Directors, employees, outsource entities or other contractors which undertake work on behalf of Senior Trust. It also defines the values which include an unwavering focus on customers, including a commitment to integrity, loyalty and respect, and a promise to champion what's best for the unitholders. It details that all parties must avoid situations where their personal interests interfere or appear to interfere with Senior Trust's interests and unitholders interests.

Fit and proper policy and process

Fit and Proper Policy and Process sets out the policy and process that Senior Trust follows when assessing the initial and on-going suitability of its Directors and senior managers to hold their positions within Senior Trust's business of acting as Manager of the Senior Trust Managed Investment Funds. Each Director and senior manager will be assessed to ensure he or she has the skills, knowledge and experience needed for their role. They must also possess the honesty and integrity needed to contribute effectively to Senior Trust's business.

Environmental, Social and Governance

Senior Trust recognises the importance of minimising our environmental, social and governance impact. The Environmental, Social and Governance policy provides a framework that allows Senior Trust to minimise its environmental impact and achieve sustainable business practices. The aim is to follow and to promote good sustainability practice, to reduce the environmental impacts of our activities and to help our key stakeholders, such as, employees, clients and partners to do the same. All Directors and senior managers are fully committed to the objectives of this policy.

Unitholder relations

The Board of the Manager recognises the importance of providing comprehensive and timely information to unitholders. The Board aims to ensure that unitholders are informed of all major developments affecting the Fund. Information is communicated to unitholders through NZX announcements, the Fund's annual report and half and full-year results announcements. Information is communicated to unitholders in accordance with the NZX Main Board continuous disclosure requirements.

Diversity

Senior Trust believes that diversity and inclusion contribute to competitive advantage and sustainable business success. The Board are committed to an inclusive workplace that fosters and promotes workplace diversity at all levels, as this provides the capacity to view problems and opportunities from many different perspectives.

The limited movement in personnel impacts the pace upon which diversity can be achieved. The Board considers this factor when evaluating its performance.

Gender composition of Directors and Officers as at the end of the previous two financial years is as follows:

Financial Year	Male		Female	
	Directors	Officers	Directors	Officers
2018	3	1	0	0
2017	3	1	0	0

Additional unitholder information

Stock exchange listing

Units are listed on the NZX Main Board under the code SRF.

Registry

Link Market Services Limited is the security register manager and holds all unitholder records electronically. Link Market Services are also responsible for the maintenance of unitholder records and the preparation of distribution payments. Contact details for Link Market Services are set out in the directory.

Investor support

If you have any queries regarding your investment, please contact Senior Trust on 0800 609 600. Alternatively, visit the Link website at www.linkmarketservices.co.nz. Please note there is a section of the Link website designed to provide unitholders with the forms necessary to initiate changes of the details held at the registry. This service is available from 9.00am to 5.00pm (Auckland time) on all business days. Enquiries may also be e-mailed via Link Market Services' website (at enquiries@linkmarketservices.co.nz). Requests for changes to your holding details, distribution payment details, or general enquires can all be directed to Link Market Services.

Statement of unitholders

Twenty largest ordinary unitholders and their holdings as at 31 March 2018:

Rank	Investor Name	Total Units	% Issued Capital
1	Roy Winston Arnold	999,500	2.94%
2	William Hansen	700,000	2.06%
3	Lilian Nicoline Van Elk	646,209	1.90%
4	Joseph Guy Raoul Daigneault	549,250	1.61%
5	Paul Richard Zeusche	500,000	1.47%
6	Kenneth Allan Pattle & Cynthia Rose Pattle	450,735	1.32%
7	Brian Stanley Brown & Dorothy Kathleen Brown	450,000	1.32%
8	David Burnett Bull & Irene Catriona Bull	448,850	1.32%
9	Robert James Duncan Mcrae & Lynn Margaret Mcrae	448,750	1.32%
10	Peter Ronald Sutherland & Jan Patricia Sutherland	400,000	1.18%
11	Blueberry Investments Ltd	351,000	1.03%
12	Murray Douglas Horne	333,145	0.98%
13	James Anthony Inman Emery	320,000	0.94%
14	Brian Brownlie & Gaynor Brownlie	300,000	0.88%
14	Marjorie Lilian Dobson	300,000	0.88%
14	Martin Hugh Hutchinson & Leigh Hutchinson	300,000	0.88%
15	Janice Margaret Craig	297,000	0.87%
16	Judith Mary Oates	269,325	0.79%
17	Graeme Harold James Grimmer & Vivienne Mary Grimmer	267,812	0.79%
18	Annette Carey	259,562	0.76%
19	Maria Gerarda Van Der Lee & Mariette Gerarda Komene	250,681	0.74%
20	Donald Allan Gooder	250,000	0.73%
20	John Alwyn Jones & Rosemary Hargraves	250,000	0.73%
20	Petera Rangi Emery & Beryl Emery	250,000	0.73%
Total number of twenty largest ordinary unitholders		*9,591,819*	*28.19%*
Total number of all issued securities		*34,026,413*	

Interest in the units of the Fund

The interest of the Director of the Manager in the units of the Fund, as at 31 March 2018:

	Units
Scott Lester	5,300
Joseph Van Wijk	3,500
Total	*8,800*

Distribution of Unitholder

As at 31 March 2018, the distribution of Unitholders was as follows:

Ranges	Investors	Securities	Issued Capital %
1 to 1,000	101	31,757	0.09%
1,001 to 5,000	70	295,748	0.87%
5,001 to 10,000	138	1,309,624	3.85%
10,001 to 50,000	317	8,741,296	25.69%
50,001 to 100,000	85	6,604,033	19.41%
100,001 and Over	70	17,043,955	50.09%
Total	*781*	*34,026,413*	*100.00%*

Gender Composition of Board of Directors

The gender composition of the board of directors as at 31 March 2018 as required to be disclosed under Main Board/Debt Market Listing Rule (30 October 2013) 10.4.5(j) is as follows:

- Neville Brummer Male
- Scott Daniel Lester Male
- Joseph van Wijk Male

As at 31 March 2018 100% of the Directors of the Manager were male. As at 31 March 2017 100% of the Directors of the Manager were male.

Substantial Shareholders

As at 31 March 2018, due to the growth in the Fund there are no longer any Substantial Securities Holders in SRF within the meaning of that expression under Section 2 of the Securities Markets Act 1988

Distributions

The first Distribution Date for the Fund was the 31 March 2016, with the first distribution being paid to Unitholders on the 14 April 2016. 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.

Issue Price and Net Asset Value per Unit

The issue price per Units in the Senior Trust Retirement Village Listed Fund is currently $1.00. The net asset value per Unit as at 31 March 2018 was $1.00.

Control of entities gained or lost during the period

Not Applicable.

Details of associates and joint venture entities

Not Applicable.

Distribution Reinvestments

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. Unitholders can elect to use their distribution payments to purchase Units up to the total amount of Units for which they originally subscribed.

Waivers Granted from NZX Listing Rules

For the purposes of Main Board/Debt Market Listing Rule 10.4.5(f) this section contains the waivers that have been granted and published by the NZX in relation to the Fund or relied upon by the Fund.

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, 9.1.1 and 9.2.1, 10.3.2, 10.4.1(b), 10.4.2 and 10.6.1(a).

NZX has granted a waiver from Rule 9.1.1 to the extent that the Fund would be required to obtain unitholder approval to enter into the new loan with Whitby Village (2009) Ltd. The waiver relates to a transaction which permits the Fund to enter into a loan, for a limit of up to $15 million which may amount to a series of related transactions with a value greater than 50% of the Funds Average Market Capitalisation. The loan is entirely within the ordinary course of the Fund's business, rather than being a transaction that changes the essential nature of the business. The loan amends an existing framework, continuing the commercial relationship between the Fund and Whitby.

Senior Trust Retirement Village Fund is a specialist investor in the retirement village and aged care sector. The Fund was a co-lender with Portfolio E to the Quail Ridge Borrower and to the Roys Bay 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 Borrowers. As the Portfolio E fund had an upcoming maturity date, the NZX granted a waiver from Rule 9.2.1 to the extent that the Fund would be required to obtain unitholder approval for the Fund to purchase all outstanding loans owed to Portfolio E under the co-lending arrangements. The loans have now been acquired by the Fund.

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 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.

From 11 March 2016, the Manager was licensed under the Financial Markets Conduct Act 2013 (FMCA) to be the manager of the Senior Trust Retirement Village Listed Fund. Accordingly, the Fund transitioned to the FMCA on 11 March 2016. Any offers in the Fund made after that date are therefore being made under the FMCA. The Units in the 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 FMCA. 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. However, the Manager has issued an Information Memorandum which can be located at www.seniortrust.co.nz or on the Disclose website (www.companiesoffice.govt.nz/disclose).

Hauraki Village

Arrowtown

Artist impression as the village is under development.

Corporate directory

Directors of the Manager

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Joseph van Wijk
Neville Brummer

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Supervisor

The New Zealand Guardian Trust Company Limited

Accountant

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