SENIOR TRUST

CHAIRMAN'S ADDRESS TO 2020 AGM
4 SEPTEMBER 2020

Ladies, Gentlemen

I think we all know each other but for the sake of form I will introduce myself John Jackson. The directors of the manger have resolved to appoint me as chairman of the meeting.

The agenda will encompass my introduction and further commentary by Scott Lester executive director of the Manager. Questions will be answered at the end of the meeting.

I will leave it to Scott to comment of the performance of the fund and restrict my comments to conditions and sentiment in the retirement village sector.

There is no doubt that the Government's policy of going early and going hard, in addressing Covid has paid off significantly for the retirement village industry. The operator's ability to protect their residents against Covid has resulted in an upswing in enquiry. The industry is confident in the long term and this is evidenced by the revived bid for MetLife and the various board reports that have emanated from the public listed retirement village operators.

Looking to the future, we believe that the next six months to a year will give us greater clarity as to where New Zealand and the retirement village sector is heading.

The valuers when undertaking their annual independent assessment made an allowance for the impact of Covid. Their findings can be summarized as follows:

- In the short term there may be a slowing of sales rates due to reduced activity in the residential property markets
- No increase in values over the next one or two years but thereafter a return to normal growth rates
- Overall, the valuers longer term positive view on the sector remains unchanged

Prior to lockdown, the industry and the villages were experiencing strong demand. Not surprising since the likes of JLL are forecasting that almost 18,000 new retirement village units are needed in less than 10 years for an ageing population.

However, over a period of time there will be events. In my twenty two year involvement in the industry I have seen Covid-19 and the 2009 GFC to name just a few.

I have also seen how resilient and adaptable the Retirement Village industry is. In the event of a slowing of sales in the residential market due to Covid, my experience tells me that retirement villages will effectively manage risk by expanding their village in response to demand and modulating the building program in response to forward sales, "Sell some and then build some more." This approach has previously served the industry well.

The portfolio of retirement villages we fund remains focused on providing superior homes and environments to an increasingly discerning segment of retiring New Zealanders, each of whom desire something better than the average. We believe this segment of the market holds a more defensible position in the marketplace and will be less impacted by market downturns, such as the slowing we have seen in the latter part of the year.

Senior Trust is invested in a resilient, well regulated industry within a country that is doing better than many. As I previously alluded to: retirement villages are a safe haven for senior New Zealanders worried about protecting their health, social isolation and security. Covid has heightened these concerns and retirement villages have done a great job in providing protection to residents in these challenging times.

The current fund is coming to a close and is scheduled to be fully repaid by March 2021. I would like to acknowledge the efforts of the Board and skilled experience executives who understand the responsibility of managing your investment and have expended every effort to deliver an outstanding result on your behalf.

We very much appreciate your investment support and look forward to a continuing association.

I will now invite Scott to offer his commentary.