Subject: Important Updates to the Product Disclosure Statement (PDS)

Dear Shareholder,

We're writing to inform you that we've updated our Product Disclosure Statement (PDS).

Please continue reading to understand further what changes have been made. We also strongly encourage you to read the full updated PDS, which you can find at www.seniortrust.co.nz/pds-update-2025 for a complete picture of all the changes. You'll find both the new PDS and a tracked version that clearly shows what has changed.

Senior Trust's business is providing finance to retirement villages and aged care facilities. Senior Trust provides loans to registered and non-registered retirement villages. Senior Trust is an issuer under a regulated offer of shares. The offer is continuously open.

Throughout its life, Senior Trust has regularly paid dividends to investors. The funds that it used to pay those dividends were substantially attributed to interest on loans paid by Borrowers. This was disclosed in the PDS. It recorded that: "The Company's primary source of income is interest received from loans"; "a significant proportion of our loans will be made to operators of Retirement Villages and Aged Care Facilities whose facilities are in the process of being expanded or developed"; and "Our loans will have a specified interest rate to help us achieve stable revenue streams and support our prime objective of being able to pay our Shareholders the Targeted Distribution Rate or better".

Although the dividends were primarily funded from interest payments made by Borrowers, during at least in the financial years ended 31 March 2023 (**FY23**) and 2024 (**FY24**), Senior Trust's Borrowers were not making sufficient trading income (e.g. from selling units and occupation rights agreements) to pay that interest. This was understood and expected by Senior Trust, which anticipated that the retirement villages would not generate trading income until after units are completed and sold. Senior Trust therefore provided Borrowers with various forms of support, including by:

a. capitalising those Borrowers' monthly interest obligations. This means interest is not paid to Senior Trust in cash, but rather the unpaid interest was added to the loan balance; and/or

b. advancing those Borrowers money so that they could use it to cover the interest on their borrowing from Senior Trust and other lenders. In other words:

i. money from new investors in Senior Trust was loaned to the Borrowers via the Borrowers drawing down on existing loans; and

ii. Borrowers used that same money to pay the interest on loans back to Senior Trust or other lenders, including an associated investment company named Senior Trust Capital Limited (**STC**).

Several of Senior Trust Borrowers also borrowed from STC. In some instances, Borrowers have borrowed from Senior Trust in order to meet interest payments owed to STC, which was implemented by Senior Trust making a payment directly from its bank account to STC's bank account. Again, Senior Trust understood and expected that the Borrowers would have lenders other than Senior Trust and disclosed that it might enter co-lending arrangements with STC. Arrangements were put in place to ensure that Senior Trust's lending always had priority to that of STC.

From Senior Trust's investors' perspective, the result is that the dividends they received in at least FY23 and FY24 considerably exceeded the interest payments that Senior Trust received that were attributable to the

Borrowers' operating activities (i.e., from trading revenue rather than from additional borrowing). Senior Trust was instead able to pay dividends by a combination of:

a. accepting new investor money, loaning that money to Borrowers, and receiving those funds back as interest payments from Borrowers;

b. the Borrowers drawing down on existing loans from other parties (e.g. STC) and using that debt to cover interest payments to Senior Trust;

Senior Trust has been in consultation with the FMA, since November 2024, in regards to the above matters and has advised the FMA it has registered a new PDS because Senior Trust intends to change the way its business operates. The changes will make include ensuring that dividends will not be funded in the manner set out above.

The new PDS also discloses that the purpose of the offer is to raise capital to make loans and also to fund investor redemptions. This means some money raised under the offer may fund existing shareholders to sell their investment

Any investors who have queries about the above and/or the differences between new and previous versions of the PDS, are free to seek advice from a lawyer or financial adviser should they wish to do so. The changes to Senior Trust's PDS follow a consultation process with the FMA, which is ongoing. The FMA cannot, and does not, guarantee or represent that a PDS complies with the Financial Markets Conduct Act 2013 or Financial Markets Conduct Regulations, or that it is otherwise not false or misleading.

Any investors who may have invested under the previous PDS dated 3 November 2023, but who have not yet had shares issued to them, should seek a copy of the new PDS from Senior Trust before deciding whether they still wish to proceed with their investment. They are also free to seek advice from a lawyer or financial adviser should they wish to do so.

Investors are reminded that shares such as those in Senior Trust differ from other financial products such as debt securities (e.g. a bond or a term deposit) or managed investment products (e.g. a unit in managed fund), for example, because:

a. Dividends are discretionary. They **should not** be relied upon as offering a consistent income; and

b. There is **no right** to redeem your investment or have your principal repaid. While Senior Trust does offer some processes to redeem your investment, it is not guaranteed that funds will be available to meet any request for redemption. This may depend in part on the demand for Senior Trust shares in its revised offer. Senior Trust has projected $11.5M of redemptions in the financial year 31 March 2026.

2. Any investors who may have queries about the above or their investment in general should seek advice from a legal or financial adviser.

The FMA has requested that the information set out above in this letter be disclosed.

Senior Trust Capital

We are also changing how we engage with STC. We won't be entering into any new co-lending arrangements with STC to reinforce that we are completely independent and have our own investment plans. The updated PDS also shows how money from Senior Trust Capital will be used for borrowers where we have a current co-lending relationship;

"Any loan advances made by Senior Trust Capital to the Borrower will only be used to pay the Borrower's operating expenses as opposed to being used to pay interest or principal owing under the Company's facility."

What that means is that the Borrowers can no longer draw down on an existing loan from their junior lending facility (being STC) and use that debt to cover interest payments to us.

All agreements with STC, which includes the Manager (being Senior Trust Management Limited) providing accounting and administrative support have ceased. This is part of our plan to make our operations simpler and more efficient. To keep pace with the Company's growth and ensure we have the necessary resources to deliver returns from this sector, we've recently appointed a new Chief Executive Officer, with strong funds management experience. We consider this appointment will deliver significant benefits to the Company.

We also want to advise that John Jackson will not offer himself for re-election as a director of STC at their Annual Shareholder Meeting. John will continue as a director of our Company and offer himself for re-election at our Annual Shareholder Meeting

We consider these changes will provide us with additional resources, deliver operational benefits and assist us in delivering on our objective of providing consistent and attractive returns.

Dividend Policy

Dividends will not be funded in the manner set out in earlier in the communication. The PDS updates relates to how we will pay dividends in the future whilst continuing to focus on keeping our share price stable. This change confirm that dividends will be directly linked to the actual cash we earn. The PDS also comments how dividends were previously paid.

Before, our PDS stated that our objective was to keep the share price at $1.00 and we were permitted to cover operating costs through periodic capital raisings. Our new approach now links dividend payments directly to the actual net cash the Company generates. It may require us to issue bonus shares to keep the share price at a $1.00.

We are therefore moving away from basing dividends on accounting profits, and we will no longer fund operating costs through raising new capital. This creates a clearer and more direct relationship between our earnings and your dividends.

This PDS has been updated as follows; *"Dividends will be payable solely from net income received in cash, which is defined as cash received from the Retirement Villages and Aged Care Facilities less operating expenses paid. Dividend distributions are therefore contingent upon the availability of net income received in cash. It is also noted that any net cash income, which is defined as net income not distributed in previous quarters carried forward will be available for distribution in the current quarter. The cash which underpins dividends will only be sourced from interest receipts, dwelling sales, loan repayments or procurement fees paid to the Company*."

Cash Management

As noted earlier, before making a loan, we ask borrowers to put their own money into the village. This money is therefore committed and forms part of our security. Also, when we are the Senior Lender, we have the right to collect all the cash from sales during the loan period.

We have amended the PDS as follows to illustrate our revised approach regarding lending and the payment of interest;

"Therefore, when the Company reviews a potential lending facility it considers all the cashflow requirements to enable the retirement village to deliver on its master development plan. The cashflow requirements include cost of construction, operating expenses, consents and interest costs. It is expected that the retirement village will drawdown from the Company all non-interest related costs. The Borrower will be permitted to retain a portion of the settlement receipts to pay their interest costs. The Borrower is required to remains within the 75% LVR. These are the only costs that can be drawn down under the Company's new business model."

Once again, this approach is different from how dividends were previously funded.

The new PDS also discloses that the purpose of the offer is to raise capital to make loans and also to fund investor redemptions. This means some money raised under the offer may fund existing shareholders selling their investment.

Targeted Distribution Rate

We're also writing to share an important update regarding your investment's distribution rate. As of April 1st, 2025, we will be adjusting the targeted distribution rate from 8% to 7% pre-tax (per annum)

We understand that the distribution rate is a key aspect of your investment, and we want to provide some context for this decision.

You will be aware that investment returns and interest rates have reduced significantly over the past 12 months. This adjustment from our previous target of 8% (which steadily increased from an initial 6% return) is a necessary step to ensure we remain competitive when lending funds to our borrowers, who provide us income which we can then distribute to our investors.

Our objective remains to deliver attractive and consistent returns. As with all of our communications we continue to note that distribution policy is set at the end of each quarter at the discretion of the directors and is not a fixed rate of return.

Conclusion

The updated PDS is available for review on our website at www.seniortrust.co.nz/pds-update-2025. We recommend that you review the updated document carefully.

We remind investors who have queries about the above and/or the differences between new and previous versions of the PDS, are free to seek advice from a lawyer or financial adviser should they wish to do so.

We understand that these updates may prompt questions, and we encourage you to reach out to our investor relations team at info@seniortrust.co.nz if you require further clarification. We are committed to keeping you informed and appreciate your continued investor support.

John Jackson

Executive Director

Scott Lester

Executive director