SENIOR TRUST

2021
ANNUAL REPORT

Senior Trust Retirement Village Income Generator Limited

SENIOR TRUST

Specialist lender to the retirement village sector.

In this report

SENIOR TRUST RETIREMENT VILLAGE INCOME GENERATOR LTD

This 2021 Annual Review 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.

Pictured + Front Cover:
QUAIL RIDGE COUNTRY CLUB, KERIKERI

Letter from the Board

Dear Shareholder,

Welcome to the Senior Trust Retirement Village Income Generator's ("Income Generator") 2021 Annual Report. This report outlines a year of strong performance by the Income Generator; it is based on investment principles evolved by the management team through their decades of experience as a specialist lender to the retirement village sector.

We are pleased to report that the Income Generator currently has a funding arrangement with six retirement villages and one aged-care facility. We consider that the operators are focused on providing superior dwellings to an increasingly discerning segment of retiring New Zealanders. These entities are at different stages in their development life-cycle but have one common factor; they are targeted at those retirees who are looking for boutique, premium retirement living and have the financial capacity to meet that desire.

The Income Generator continues to explore lending opportunities that will enable us to deliver on our objective, to provide you with steady, attractive income returns, backed by high quality retirement village assets. The COVID-19 environment has highlighted the value of the Income Generator positioning itself as a specialist lender to the retirement village and aged-care sector. Given the impact of the pandemic on the New Zealand economy, we consider that the retirement village sector demonstrated resilience during this challenging time.

The growth in the retirement village sector is underpinned by an aging population and fuelled by the attractiveness of retirement village living for many senior New Zealanders. COVID-19 accentuated the benefits of added security and opportunities for socialisation. We consider this provides the Income Generator strong opportunities, as we actively identify and assess loans which adhere to our long established investment principles - lending to well located, soundly-run, premium retirement village developments. We engage with retirement villages throughout New Zealand to deliver on our objective of providing a consistent, attractive return whilst effectively managing risk.

The contractual agreements with the operators underpins the ability of the Income Generator to deliver on its objective of achieving the term targeted distribution rate of 6% pre-tax per annum. We are pleased that during the past year the Income Generator has achieved this key target on behalf of our investors.

The Board's expectation for the year ahead is to build on the established foundations in order to maximise the opportunities arising from significant growth in the retirement village industry. We are focused on our objective of ensuring attractive returns enjoyed by Shareholders can be sustained into the future and that further opportunities to invest will arise. We look forward to reporting further progress.

John Jackson
EXECUTIVE DIRECTOR

Scott Lester
EXECUTIVE DIRECTOR

THE GROVE, OREWA

We thank you for your interest and for entrusting your capital with us,

The Board.

Key Highlights as at 31 March 2021

Distribution paid at a rate of

6%

(PRE-TAX) PER ANNUM

7

LOANS

Contracted to well located, soundly run retirement village developments.

portfolio diversity

Loan portfolio delivers geographical and operator diversity.

FACILITY LIMIT TOTALLING:

$93.4m

SHARES ON ISSUE: **51,719,256**

75%+ reinvestment rate by Senior Trust Investors.

THE GROVE, OREWA

Experienced hands

RETIREMENT VILLAGE FUNDING EXPERTS

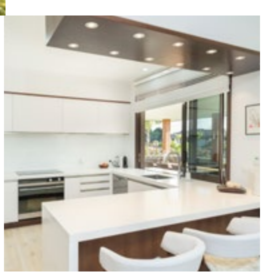
The company operates exclusively within the retirement village and aged care sector, in order to capitalise on the continued expanding demand for quality senior housing in New Zealand.

The Senior Trust management team has built up significant expertise funding retirement villages throughout New Zealand.

Our investment philosophy is that soundly-run, well located retirement villages and aged care facilities provide the opportunity for investment that generates a regular return backed by solid assets.

We use our specialist knowledge to identify operators focused on providing boutique, premium retirement living, in sought after locations.

QUAIL RIDGE COUNTRY CLUB, KERIKERI

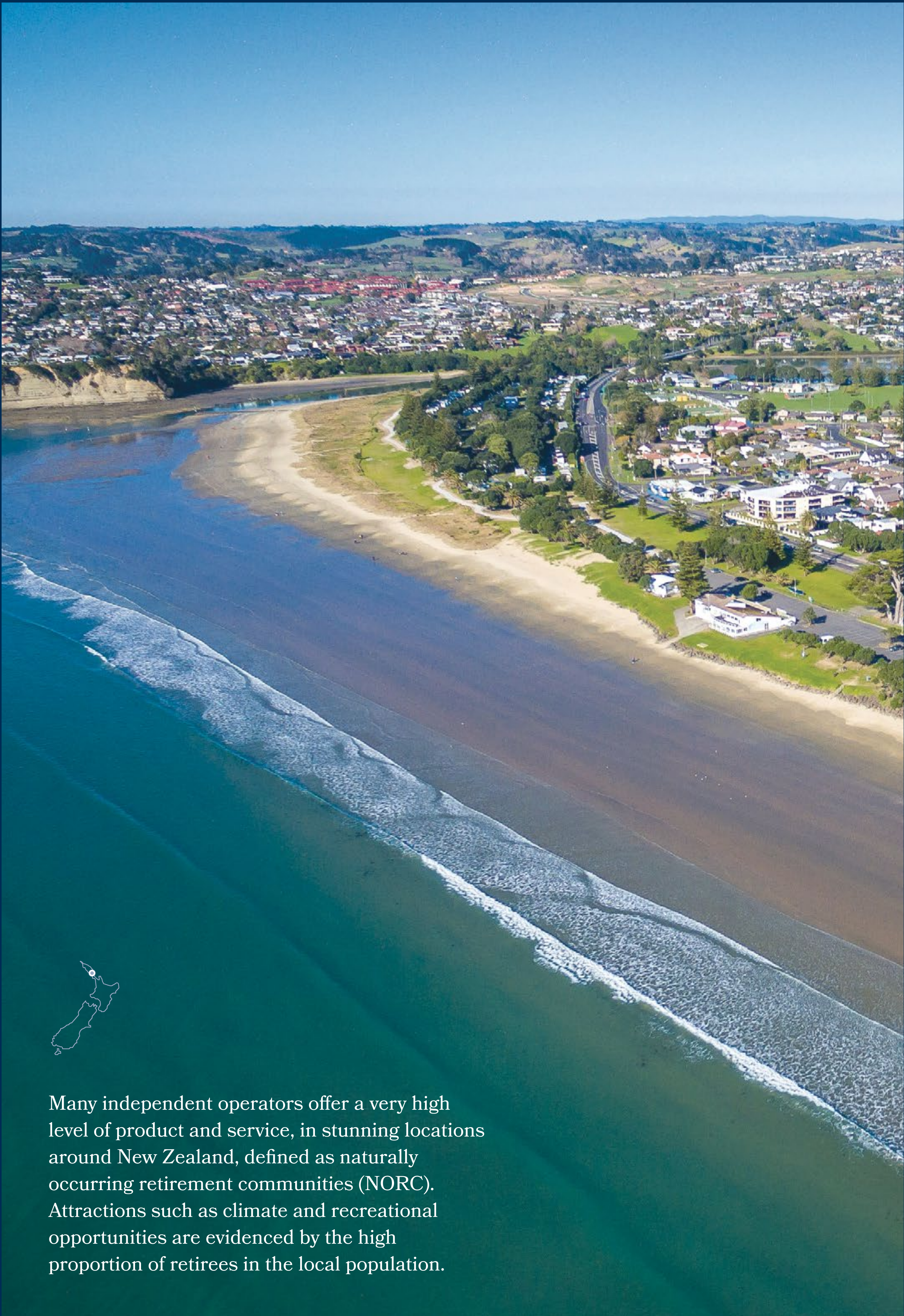


Contracted loans

2021 SNAPSHOT

2021 LOAN CONTRACTS

SENIOR TRUST MANAGEMENT TEAM TRACK RECORD OF LENDING



Many independent operators offer a very high level of product and service, in stunning locations around New Zealand, defined as naturally occurring retirement communities (NORC). Attractions such as climate and recreational opportunities are evidenced by the high proportion of retirees in the local population.

Current industry overview

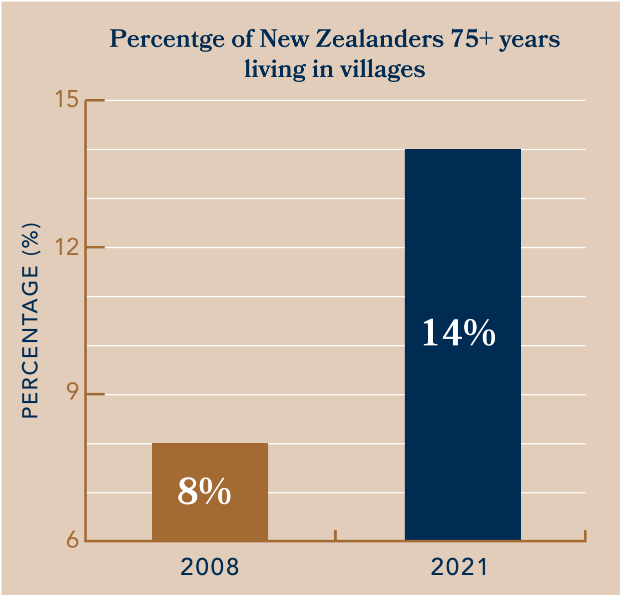
RETIREMENT VILLAGE SECTOR

In 2020 the New Zealand Retirement Village industry enjoyed growth driven by significant demand and a buoyant property market across most regions of New Zealand.

Since 2008 the percentage of New Zealanders over the age of 75 living in villages has risen from 8% to 14%, with 422 villages providing a total of 36,500 dwellings. The industry is New Zealand's largest supplier of new dwellings and contributes significantly to easing the shortage of new housing.*

The six largest retirement village operators (Ryman, Metlifecare, Oceania, Summerset, BUPA and Arvida) continue to compete for market share for large scale retirement villages in major metropolitan areas.

However, there is growing demand in the regions and well located urban areas for boutique, independent villages that offer a less corporate and more intimate and often more innovative experience and service. Much of the focus for the listed companies is in the 'golden triangle' between Auckland, Hamilton and the Bay of Plenty, leaving attractive opportunities in the regions. Many independent operators offer a very high level of product and service, in stunning locations around New Zealand. These locations have been defined as naturally occurring retirement communities (NORC) and their attractions such as climate and recreational opportunities are evidenced by the high proportion of retirees in the local population.



The retirement village industry is undergoing a change; evolving into a market segmentation featuring budget, midscale and luxury product. The private independent operators dominate the luxury segment of the market. These villages are tangible evidence of the strong desire of senior New Zealanders to enjoy a superior retirement lifestyle with an ability to pay a premium to do so.

This is the segment of the industry that Senior Trust focuses on; supporting and funding experienced, capable retirement village operators who deliver high quality retirement village living at the premium end of the market. Senior Trust has made loans to villages located in Kerikeri, Orewa, Wanaka and Clyde. These are all locations that meet the NORC definition. We believe there is significant growth potential in this segment of the market and are actively investigating a number of further opportunities.

**Source 10/07/2021 and JLL Whitepaper as reported in Scoop 01/07/21*

Focus on strong governance

Corporate Governance

The system by which entities are directed and controlled. It influences how an organisation sets its values, achieves objectives, assesses and monitors risk and strengthens performance.

Senior Trust Management

Experienced Board and Management

- Extensive retirement village sector and fund management experience
- Strong governance
- Compliance and transparency

Executing strategy

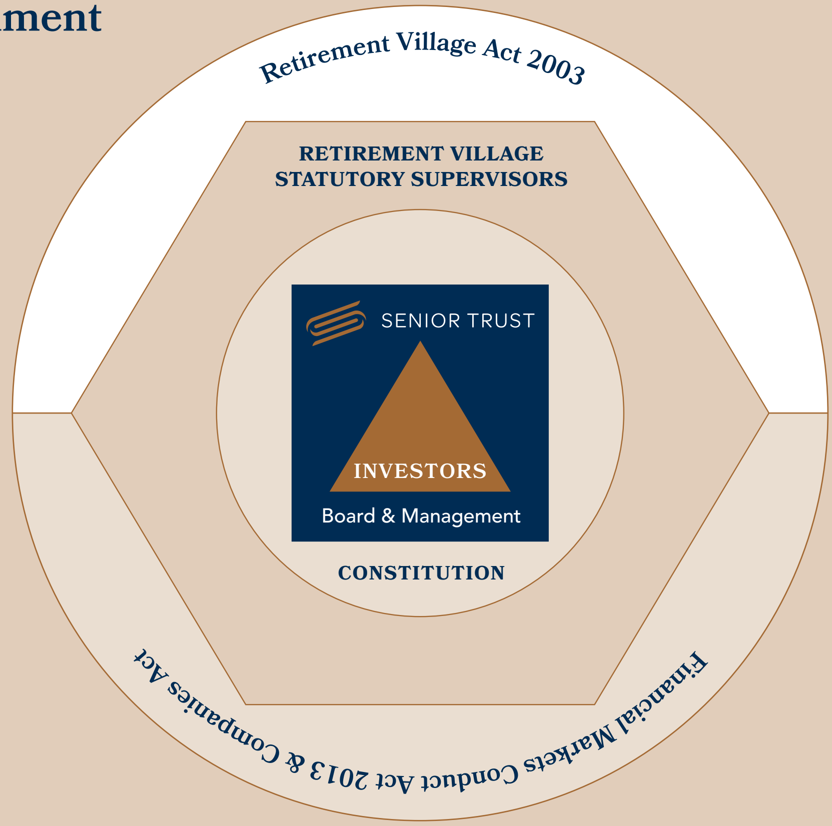
- Vast network of reputable partners and experts
- Access to range of skills and services

Delivering attractive returns

Established investment principles and governance frameworks

Investor care - the regulatory environment

Where the operators we invest in are registered retirement villages, they are also required to adhere to the Retirement Village Act 2003.



Board & Management

John Jackson
EXECUTIVE DIRECTOR

Scott Lester
EXECUTIVE DIRECTOR

Clive Jimmieson
HEAD OF COMPLIANCE

Alex Ceban
HEAD OF FINANCE

Pratthana Sneddon
ACCOUNTANT

The Board is comprised of experienced Directors whose resumes include both public and/or private Directorships. With a background in managing funds and offers they are highly focused on strong governance, compliance and ensuring effective, clear and transparent disclosure to all Shareholders. The team also have extensive experience within the retirement village sector and aged care industry.

The Board has established an extensive network of industry experts and reputable partners who provide a range of skills and services to assist us in executing our strategy. The Board also consider that the established investment principles and governance framework are critical factors for delivering on our objectives of providing Shareholders an attractive return on funds.

A Management Services Agreement with Senior Trust Management Limited ensures cost effective delivery of a full suite of services, performed by an experienced team who have provided management services to the following retirement village investment entities:

2015

Senior Trust Retirement Village Listed Fund Issue:
Purpose - Multi-village funding
REPAID FEBRUARY 2021

2014

Senior Trust Retirement Village Fund Issue:
PORTFOLIO E
Purpose - Multi-village funding
REPAID FEBRUARY 2018

2011

Senior Trust Retirement Village Fund:
PORTFOLIO D
Purpose: Multi-village funding
MATURED AND FULLY REPAID

2010

Senior Trust Retirement Village Fund:
PORTFOLIO C
Purpose: Whitby Lakes Village
MATURED AND FULLY REPAID

The aging population and desirability of retirement village living - accentuated by COVID-19 - is fuelling growth in this sector. We consider this provides the Income Generator strong opportunities as we actively identify and assess loans which adhere to our long established investment principles.

QUAIL RIDGE COUNTRY CLUB, KERIKERI

SENIOR TRUST RETIREMENT VILLAGE
INCOME GENERATOR LIMITED

Financial Statements

FOR THE YEAR ENDED 31 MARCH 2021

TABLE OF CONTENTS

Company directory

IRD number	130-975-348
Nature of business	Investment
Registered office	Foley Hughes Level 1, 20 Beaumont Street Freemans Bay Auckland, 1110
Directors	John Llewellyn Jackson Scott Daniel Lester
Manager	Senior Trust Management Limited
Bankers	Bank of New Zealand
Auditors	William Buck Audit (NZ) Limited
Tax advisor	Baker Tilly Staples Rodway Auckland Limited

Directors' report

The company was incorporated on 20 December 2019. For the purpose of this report the comparatives of the previous year are for four months only.

Directors names

The names of the Directors in office at any time during or since the end of the year are:
John Llewellyn Jackson appointed 20 December 2019
Scott Daniel Lester appointed 20 December 2019
Tracey Lancelot Goodin appointed 20 December 2019, resigned 15 May 2020

Review of operations

The Company continued to engage in its principal activity, the results of which are disclosed in the attached audited financial statements.

Principal activities

The Company was incorporated to lend money in the form of loans to the entities that own and operate Retirement Villages and Aged Care Facilities. No significant change in the nature of these activities occurred during the year.

Directors' remuneration and other benefits

	FEES
John Jackson	36,000
Scott Lester	36,000
Tracey Goodin	6,000
	78,000

Interests

No Director has given notice to the Company of an interest in any transaction with the Company.
No Director has sought authorisation to use Company information.

Employees

The Company has no employees.

Donations

The Company made no donations during the period.

Signed in accordance with a resolution of the Board of Directors.

Director: ______________ **Director:** ______________

Dated this 9 July 2021

William Buck

Senior Trust Retirement Village Income Generator Limited

Independent auditor's report to the Shareholders

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Senior Trust Retirement Village Income Generator Limited (the Company), which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity 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 Company as at 31 March 2021, 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) and International Financial Reporting Standards.

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 Company in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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 Company.

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.

ACCOUNTANTS & ADVISORS
Level 4, 21 Queen Street
Auckland 1010, New Zealand
PO Box 106 090
Auckland 1143, New Zealand
Telephone: +64 9 366 5000
williambuck.com

William Buck Audit (NZ) Limited

Loan Recoverability	
Area of focus	**How our audit addressed it**
The Company has significant Loans Receivable with seven parties, totalling $48.4m. The largest significant individual balance being Roy's Bay Estate at $13m. There is a significant risk of recoverability of these loans, and this 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 Directors' credit assessment - Review of the collateral value of the security over the loans and determined the adequacy of the LVR's and other factors - Review of independent valuations completed on the underlying retirement villages provided as security - We assessed the adequacy of the Company's disclosures in respect of the transactions

Other Matter

The financial statements of Senior Trust Retirement Village Income Generator Limited for the four month period ended 31 March 2020 were not audited. Our opinion is not modified in respect of this matter.

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

The directors are 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 other 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.

Directors' Responsibilities

The directors are responsible on behalf of the Company 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 directors determine 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company 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/assurance-standards/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 Company's shareholders, as a body. Our audit work has been undertaken so that we might state to the Company's shareholders 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 Company and the Company's shareholders, 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

9 July 2021

Statement of profit or loss and other comprehensive income for the year ended 31 March 2021

	NOTE	31 Mar 2021 Full Year Audited $	31 Mar 2020 4 months Unaudited $
Revenue and other income			
Interest income	4	1,878,495	-
Other income	4	75,662	-
		1,954,157	**-**
Less: expenses			
Management service fees	13	(517,422)	-
Directors fees	13	(78,000)	-
Administration and compliance expense	5	(95,331)	-
Marketing expense		(119,880)	(171)
Audit and accounting expense	6	(26,939)	-
Interest expense	10b	(25,977)	-
Bank fees		(361)	(44)
		(863,910)	(215)
Profit / (Loss) for the year		1,090,247	(215)
Other comprehensive income for the year		-	-
Total comprehensive income		**1,090,247**	**(215)**
Earnings per share			
Basic earnings per share (cents)	12	6.0	(21,528.0)
Diluted earnings per share (cents)	12	6.0	(21,528.0)

The accompanying notes form part of these financial statements.

Statement of financial position as at 31 March 2021

	NOTE	31 Mar 2021 Audited $	31 Mar 2020 Unaudited $
Current assets			
Cash and cash equivalents	14 (b)	4,796,271	2,472,489
Trade and other receivables	8	434,847	-
Prepayments		4,506	-
Total current assets		**5,235,624**	**2,472,489**
Non-current assets			
Finance receivables	9	48,438,769	-
Total non-current assets		**48,438,769**	**-**
Total assets		**53,674,393**	**2,472,489**
Current liabilities			
Payables	10	1,047,452	171
Unallotted subscriptions		694,004	2,472,532
Borrowings		200,000	-
Interest payable		7,127	-
Total current liabilities		**1,948,583**	**2,472,704**
Total liabilities		**1,948,583**	**2,472,704**
Net assets		**51,725,810**	**(214)**
Equity			
Share capital	11	51,719,256	1
Retained earnings		6,554	(215)
Total equity		**51,725,810**	**(214)**

Signed in accordance with a resolution of the Board of Directors.

Director: ____________________ **Director:** ____________________

Dated this 9 July 2021

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 31 March 2021

	Note	Contributed capital $	Retained earnings $	Total equity $
Balance as at 20 December 2019 (incorporation)		-	-	-
Total comprehensive loss		-	(215)	(215)
Transactions with shareholders in their capacity as owners:				
Net proceeds from share issue	11	1	-	1
Total transactions with shareholders in their capacity as owners		**1**	**-**	**1**
Balance as at 31 March 2020 (Unaudited)		**1**	**(215)**	**(214)**
Balance as at 1 April 2020		1	(215)	(214)
Total comprehensive income		-	1,090,247	1,090,247
Transactions with shareholders in their capacity as owners:				
Net proceeds from share issue	11	51,719,255	-	51,719,255
Distribution to shareholders		-	(865,180)	(865,180
Tax paid or accrued on behalf of shareholders	7	-	(218,298)	(218,298)
Total transactions with shareholders in their capacity as owners		**51,719,255**	**(1,083,478)**	**50,635,777**
Balance as at 31 March 2021 (Audited)		**51,719,255**	**6,554**	**51,725,810**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 31 March 2021

	Note	31 Mar 2021 Full Year Audited $	31 Mar 2020 4 months Unaudited $
Cash flow from operating activities			
Interest received from customers		1,443,648	-
Processing fee (Amberley)		75,000	-
Payments to suppliers		(141,813)	-
Payments of Director fees		(78,000)	-
Payments of management fees		(207,208)	-
Interest paid – bank		(362)	(44)
PIE tax paid	7	(85,881)	-
Other payments		(5,370)	-
Net cash provided by operating activities	**14 (a)**	**1,000,015**	**(44)**
Cash flow from investing activities			
Net loans advanced to Retirement Villages	9	(48,438,769)	-
Net cash used in investing activities		**(48,438,769)**	**-**
Cash flow from financing activities			
Proceeds from share issue (excluding unallotted subscriptions as at 31 March 2020)	11	49,246,723	1
Proceeds from unallotted subscriptions		694,004	2,472,532
Proceeds from borrowings	10 (b)	2,000,000	-
Repayment of borrowings	10 (b)	(1,800,000)	-
Interest paid on borrowings		(18,849)	-
Distributions to shareholders		(359,342)	-
Net cash provided by financing activities		**49,762,536**	**2,472,533**
Reconciliation of cash and cash equivalents			
Cash at beginning of the period		2,472,489	-
Net (increase) / decrease in cash held		2,323,782	2,472,490
Cash and cash equivalents at end of the period	**14 (b)**	**4,796,271**	**2,472,489**

The accompanying notes form part of these financial statements.

Notes to financial statements for the year ended 31 March 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are for Senior Trust Retirement Village Income Generator Limited ('the Company').

The Company is domiciled and incorporated in New Zealand and registered under the Companies Act 1993. The Company is a FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

The Company's business activity is to invest and to provide secured lending to retirement villages and aged care facilities.

The Company is a for-profit entity for the purpose of complying with New Zealand Generally Accepted Accounting Practice ("NZ GAAP").

These financial statements cover a year period from 1 April 2020 to 31 March 2021. The Company was incorporated on 20 December 2019 and accordingly the comparative information is for a 4 month unaudited period.

The financial statements were authorised for issue by the Board of Directors of the Company on 9 July 2021.

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

(a) Basis of preparation of the financial statements

Statement of compliance

The financial statements of the Company have been prepared in accordance with 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 Company is designated as Tier 1 for financial reporting purposes.

(b) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

(c) Functional and presentation currency

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

(d) Revenue

Interest Income

Interest income is recognised in the profit or loss as it accrues using the effective interest rate 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 or loss by applying the effective interest rate to the instruments amortised cost.

(e) Income tax

From 7 April 2020 the Company qualified as and elected to become a portfolio tax rate entity ("PTRE") under the portfolio investment entity ("PIE") regime. Under the PIE regime, the Company attributes all of the taxable income of a PTRE to shareholders in accordance with their proportional interest in the Company and as such tax payments made on behalf of shareholders are treated as distributions.

(f) Financial instruments

Classification

The Company classifies its financial instruments as amortised cost.

Financial Assets

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

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

continued...

Notes to financial statements for the year ended 31 March 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued...

(f) Financial instruments (Continued)

Measurement

At initial recognition, the Company 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.

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 Company assesses on a forward looking basis the expected credit losses associated with its finance receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(a) details how the Company 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 Company 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.

Financial liabilities

Financial liabilities include trade payables and other payables.

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

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance date. Borrowings are analysed in accordance with the borrowing policy of the Company.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with registered banks, and other short term highly liquid investments (i.e. term deposits) with original maturities of three months or less.

(h) Dividends payable

Dividend distributions to the Company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's Directors.

(i) Goods and services tax (GST)

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

(j) Unallotted Subscriptions

Deposits received from investors where subscriptions are yet to be finalised, are recognized as a liability in the statement of financial position.

Notes to financial statements for the year ended 31 March 2021

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. The estimates and judgements are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Uncertainty about these estimates and judgements could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any other periods affected.

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The following are significant items of judgment:
i) Impairment of financial assets
The provision is based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer note 3(a).

The categories that are assessed include liquidity, any management issues and security. In addition the Directors consider:
- 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 financial assets has been estimated as nil (2020: nil).

(ii) Applicability of the going concern basis of accounting
Whilst the COVID-19 pandemic and the public health, social and economic measures have lowered overall economic activity and confidence (as described in note 1(b) above), the Manager have assessed and determined that the Company's application of the going concern basis of accounting remains appropriate. In assessing whether the Company's application of the going concern basis of accounting remains appropriate, the Manager has applied judgement, having undertaken the responses and considerations described in note 1(b) to reaffirm the Company's application of the going concern basis of accounting remains appropriate.

NOTE 3: FINANCIAL RISK MANAGEMENT

NZ IFRS 9 has been applied in the preparation of the financial statements. The Manager evaluated the expected credit loss (ECL) both for the next 12 months and lifetime as nil.

The Company 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 Company.

The Directors review and agree policies for managing each of the risks identified above. There is no foreign exchange risk.

The Manager uses different methods to measure and manage different types of risks to which it is exposed. Ageing analysis 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.

continued...

Notes to financial statements for the year ended 31 March 2021

NOTE 3: FINANCIAL RISK MANAGEMENT continued...

The Company holds the following financial instruments:

	Note	31 Mar 2021 Audited $	31 Mar 2020 Unaudited $
Financial assets - amortised cost			
Cash and cash equivalents		4,796,271	2,472,489
Receivables	8	434,847	-
Finance receivables	9	48,438,769	-
		53,669,887	2,472,489
Financial liabilities - amortised cost			-
Payables	10	1,047,452	171
Borrowings		200,000	-
		1,247,452	171

(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 Company to credit risk consist primarily of cash, finance receivables, other receivables and financial assets.

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 Company's product disclosure statement. The Directors of the Manager review all loans and any overdue loans at the monthly board meetings 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 and cash flow risk, management and operational risk, security risk. 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.
- Ensuring any loans comply with the Company'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.
- Reviewing valuation reports.
- Reviewing current economic conditions.
- Ensuring maximum of 75% LVR restriction.

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 reporting 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.

Notes to financial statements for the year ended 31 March 2021

NOTE 3: FINANCIAL RISK MANAGEMENT continued...

(a) Credit risk continued...

After undertaking the procedures outlined above and including reviewing credit risk characteristics relating to arrears, the loan to value ratio and considering forward looking information on economic factors affecting the ability of borrowers to settle finance receivables there is no provision for impairment of financial assets (2020: nil).

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 that are 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.

The Manager 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 by a registered valuer is sought 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.

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 Company 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 Directors and Manager manage, limit and control 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.

The Company has 90% (2020: nil) of its total assets as loans receivable from 6 (2020: nil) entities.

The loans to Quail Ridge Country Club and Roys Bay Estate Limited have first ranking registered mortgages, subject to a first ranking encumbrance registered in favour of the Statutory Supervisor. The loans to Clyde Limited Partnership and Amberley Limited Partnership have first ranking registered mortgages. The loans to Palm Grove Partnership and Ranfurly Manor No: 1 Limited have a second ranking registered mortgages, subject to a first ranking encumbrance registered in favour of the Statutory Supervisor. The loan to Forest Glen Limited Partnership has a second ranking mortgage. Each loan is significant to the Company.

Management closely monitors each loan, does regular site visits to the retirement villages and receives regular sales and financial reports.

continued...

Notes to financial statements for the year ended 31 March 2021

NOTE 3: FINANCIAL RISK MANAGEMENT continued...

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

	NOTE	31 Mar 2021 Audited $	31 Mar 2020 Unaudited $
Auckland		14,983,951	-
Rest of North Island		15,261,963	-
South Island		18,192,855	-
	9	48,438,769	-

(b) Liquidity risk

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

The Company'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 Company's liquidity management process.

Maturity analysis

In accordance with NZ IFRS 7 the tables below present contractual undiscounted cash flows (including contractual interest) payable to the Company for financial instruments and unrecognised loan commitments based on contractual maturity.

	On demand $	0 - 12 months $	1-5 years $	Total contractual cash flows $	Carrying amount $
31 March 2021 (Audited)					
Cash and cash equivalents	4,796,271	-	-	4,796,271	4,796,271
Interest receivable	434,847	-	-	434,847	434,847
Finance receivables	-	5,365,981	61,991,226	67,357,207	48,873,616
Payables	(1,247,452)	(21,500)	-	(1,268,952)	1,247,452
Net maturities	3,983,666	5,344,481	61,991,226	71,319,373	55,352,186
31 March 2021 (Unaudited)					
Cash and cash equivalents	2,472,489	-	-	2,472,489	2,472,489
Net maturities	2,472,489	-	-	2,472,489	2,472,489

The Company intends to make loans and advances subsequent to the reporting date from the available cash and cash equivalents of the Company. Until such time as the loan is made the funds will remain lodged in an interest bearing bank account which will generate sufficient cash flows to meet the liquidity requirements of the Company.

Notes to financial statements for the year ended 31 March 2021

NOTE 3: FINANCIAL RISK MANAGEMENT continued...

(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 Company is not exposed to fluctuations in market interest rates. It does not receive interest on cash and cash equivalents and interest rates on finance receivables are fixed rates so are not subject to rate change.

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

31 March 2021 (Audited)

Financial instruments	**NOTE**	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average interest rate**
		$	**$**	**$**	
Financial assets					
Cash and cash equivalents		-	4,796,271	4,796,271	N/A
Interest receivable		-	434,847	434,847	N/A
Finance receivables		67,357,207	-	67,357,207	11.1%
		67,357,207	5,231,118	72,588,325	
Financial assets					
Payables	10 b	(221,500)	(1,047,452)	(1,268,952)	(2.5%)
Interest payable	10 b	(7,127)	-	(7,127)	(10.75%)
		(221,500)	(1,047,452)	(1,268,952)	

31 March 2020 (Unaudited)

Financial instruments	**Interest bearing**	**Non-interest bearing**	**Total carrying amount**	**Weighted average interest rate**
	$	**$**	**$**	
Financial assets				
Cash and cash equivalents	-	2,472,489	2,472,489	N/A
	-	2,472,489	2,472,489	

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

Notes to financial statements for the year ended 31 March 2021

NOTE 4: REVENUE AND OTHER INCOME

	NOTE	31 Mar 2021 Full Year Audited $	31 Mar 2020 4 months Unaudited $
Interest income			
Ranfurly Village Limited		208,952	-
Forest Glen Limited Partnership	13 (d)	634,036	-
Roys Bay Estate Limited		404,862	-
Ranfurly Manor No: 1 Limited		199,331	-
Palm Grove Partnership		183,836	-
Quail Ridge Country Club Limited		198,203	-
Clyde Limited Partnership		21,837	-
Amberley Limited Partnership		1,460	-
		1,852,518	-
Other income			
Processing fee (Amberley)		75,000	-
Other income		662	-
		75,662	-

NOTE 5: ADMINISTRATION AND COMPLIANCE EXPENSE

Administration and compliance expense		
Insurance expense	27,035	-
IT expense	26,245	-
Legal fees	34,401	-
Registry Services	3,933	-
Investor communication expense	3,320	-
Other expense	397	-
	95,331	

NOTE 6: AUDIT AND ACCOUNTING EXPENSE

Audit and accounting expense		
Accounting expense	2,939	-
Audit expenses accrued	24,000	-
	26,939	-

Notes to financial statements for the year ended 31 March 2021

NOTE 7: PIE TAXATION PAYABLE ON BEHALF OF SHAREHOLDERS

From 7 April 2020 the Company qualified as and elected to become a multi-rate PTRE under the PIE regime (Note 1e).

Under the PIE regime, for financial reporting purposes, income is effectively taxed in the hands of shareholders and therefore the Company has no tax expense or deferred tax assets or liabilities.

PIE tax liability	**31 Mar 2021 Full Year Audited $**	**31 Mar 2020 4 months Unaudited $**
Profit before tax per statement of profit or loss and other comprehensive income	1,090,247	(215)
Taxation (at prescribed investor rates)	218,298	-
PIE tax paid	(85,881)	-
PIE tax liability (refer note 10)	132,418	-

NOTE 8: TRADE AND OTHER RECEIVABLES

CURRENT	**31 Mar 2021 Audited $**	**31 Mar 2020 Unaudited $**
Accrued Interest from:		
Forest Glen Limited Partnership	93,275	-
Roys Bay Estate Limited	129,381	-
Ranfurly Manor No: 1 Limited	38,523	-
Palm Grove Partnership	46,712	-
Quail Ridge Country Club Limited	96,532	-
Clyde Limited Partnership	21,837	-
Amberley Limited Partnership	1,460	-
	427,720	-

NOTE 9: FINANCE RECEIVABLES

NON CURRENT	**31 Mar 2021 Audited $**	**31 Mar 2020 Unaudited $**
Amounts receivables from:		
Forest Glen Limited Partnership	9,983,951	-
Roys Bay Estate Limited	13,002,112	-
Ranfurly Manor No: 1 Limited	5,000,000	-
Palm Grove Partnership	5,000,000	-
Quail Ridge Country Club Limited	10,261,963	-
Clyde Limited Partnership	3,457,161	-
Amberley Limited Partnership	1,733,582	-
	48,438,769	-

continued...

Notes to financial statements for the year ended 31 March 2021

NOTE 9: FINANCE RECEIVABLES continued...

Impairment

The credit quality of the loans are estimated by the Directors and are considered to be Standard Grade based on their current knowledge. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio (LVR) and consideration of future looking events no provision for impairment is considered necessary (2020: nil).

Forest Glen Limited Partnership

The loan to Forest Glen Limited Partnership, which allows for a maximum facility of $22,400,000, expires no later than 31 March 2025. The loan earns interest at a rate of 11% per annum.

The loan was to assist with re-financing of mortgage debt and to assist with funding the proposed development of a retirement village.

The loan securities are as follows:

- Second-ranking registered mortgage over the village property 488 & 496c Hibiscus Coast Highway (after Cressida Capital One Limited);
- Second-ranking registered mortgage over the village property 31 Forest Glen (after LM Custodians Limited);
- General security agreement granted by the Borrower.
- General security agreement granted by Coastal Properties Orewa Forest Glen Limited.
- General security agreement granted by STGP Limited.
- Guarantee from Coastal Properties Orewa Forest Glen Limited and STGP Limited.

The collateral value of the security over the loans to Forest Glen Limited Partnership is estimated at $21.6 million (zero GST). Including all prior ranking security (LM Custodians Limited prior ranking debt of $0.8 million, Cressida Capital One Limited $2.46 million) this represents a LVR of 61%. The fair value of the collateral was based on a valuation performed by a registered valuer (Eyles McGough) as at 31 March 2021.

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 15% (2020: 15%). Other assumptions used by the valuer include timing of future resales, level of occupancy of existing and future residents, the ingoing contribution price, resale value of units.

The credit quality of the loan is estimated by the Directors of the Group and is considered to be high grade based on their knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary.

Roy's Bay Estate Limited

The loan to Roy's Bay Estate Limited (the Borrower) allows for a maximum facility of $14 million and expires no later than 21 August 2023. The loan earns interest at a rate of 11.75% per annum.

The loan securities are as follows:

- All obligations first ranking registered mortgage granted by the Borrower over the Land (including the Clubhouse once a separate title for the Clubhouse has been issued).
- All obligations general security agreement granted by the Borrower.
- Guarantees granted in respect of the obligations of the Borrower by Anthony Hannon and Catherine Hannon as trustees of the Hannon Investment Trust, Sym Trustee Limited as trustee of Sym Trust, Christopher Holmes and Victrust Corporate Trustee Limited as trustees of the Victoria Trust, Anthony Hannon and Christopher Holmes.
- Roys Bay Estate Limited is also subject to a prior ranking encumbrances registered in favour of the statutory supervisor.

The collateral value of the security over all the loans to Roy's Bay Estate Limited is estimated at $20.6 million, excluding GST, which represents a LVR of 63%. The fair value of the collateral was based on a valuation performed by a registered valuer (Eyles McGough) as at 31 March 2021.

Notes to financial statements for the year ended 31 March 2021

NOTE 9: FINANCE RECEIVABLES continued...

Valuation of the Operator's interest has been performed based on sales data, cost estimates, comparable sales and valuation calculations. The valuer has used a discount rate of 15% (2020: 14.5%) which is comparable with the 31 March 2020 valuation report.

The credit quality of the loan is estimated by the Directors of the Company and is considered to be very good based on their knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary. The project has been offered for sale and discussions are being held with a number of interested parties.

Ranfurly Manor No: 1 Limited

The loan to Ranfurly Manor No: 1 Limited allows for a maximum facility of $5 million and expires no later than 30 October 2024. The loan earns interest at a rate of 10.75% per annum. The facility has interest only repayments, with the Borrower having the flexibility to make 25% principal repayments at the end of years 2 and 3 of the term.

The loan securities are as follows:

- All obligations second ranking registered mortgage granted by the Borrower over Ranfurly Manor No:1 Limited and Nelson Street Resthome Limited.
- Ranfurly Manor No:1 Limited is also subject to a prior ranking encumbrance registered in favour of the statutory supervisor.
- Guarantees from Promisia Integrative Limited, Aged Care Holdings Limited, Nelson Street Resthome Limited and Ranfurly Manor Limited.

The collateral value of the security over all the loans to Ranfurly Manor No: 1 Limited is estimated at $24.3 million, excluding GST. Including all prior ranking security (Bank of New Zealand prior ranking debt of $9.8 million) this represents which represents a LVR of 61%. The fair value of the collateral was based on a valuation performed by a registered valuer (CBRE) as at 31 March 2021.

Valuation of the Operator's interest has been performed based on sales data, cost estimates, comparable sales and valuation calculations. The valuer has used a pre-tax discount rate of 16.5%.

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

Palm Grove Partnership

The loan to Palm Grove Partnership allows for a maximum facility of $5 million and expires no later than 30 November 2024. The loan earns interest at a rate of 11% per annum.

The loan securities are as follows:

- All obligations second ranking registered mortgage granted by the Borrower over the land, which is also subject to a prior 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.

The collateral value of the security over all the loans to Palm Grove Partnership is estimated at $21.6 million, excluding GST. Including all prior ranking security (Bank of New Zealand prior ranking debt of $6 million) this represents a LVR of 51% (taking into account the prior year debt). The fair value of the collateral was based on a valuation performed by a registered valuer (CBRE) as at 31 March 2021.

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 15.00% (2020: 15.25%). Other assumptions used by the valuer include current unit pricing, turnover of units, growth rates and non recoverable expenses and income and expenses flow. In addition to the Operator's interest of $8 million

Notes to financial statements for the year ended 31 March 2021

NOTE 9: FINANCE RECEIVABLES continued...

(2020: $7.3 million) the valuation consist of unsold primary stock (apartments) of $8.85 million (2020: $15.75 million) , basement car parks of $0.5 million (2020: $0.7 million) and development land of $4.3 million (2020: $3.65 million).

The retirement village market has benefitted from the positive sentiment experienced with many operators reporting a surge in enquiries and sales nationwide post lockdown 2020. However given the ongoing uncertainty and unknown impact that COVID-19 might have on real estate markets in the future, the valuer notes a degree of caution should be exercised when relying upon the valuation. Values and incomes may change more rapidly and significantly than during standard market conditions.

The credit quality of the loan is estimated by the Directors of the Company and is considered to be high grade based on their knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary.

Quail Ridge Country Club Limited

The loan to Quail Ridge Country Club Limited allows for a maximum facility of $25 million and expires no later than 26 January 2025. The loan earns interest at a rate of 10.75% per annum.

The loan securities are as follows:

- All obligations first ranking registered mortgage granted by the Borrower over the land, which is also subject to a prior ranking encumbrance registered in favour of the statutory supervisor.
- General security agreement from Quail Ridge Country Club Limited and Kerikeri Falls Investments Limited;
- Guarantee and indemnity from Quail Ridge Country Club Limited and Kerikeri Falls Investments Limited.

The collateral value of the security over all the loans to Quail Ridge Country Club Limited is estimated at $29.5 million, excluding GST, which represents a LVR of 35%. The fair value of the collateral was based on a valuation performed by a registered valuer (Eyles McGough) as at 31 March 2021.

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% (2020: 14%). Other assumptions used by the valuer include average resale period, growth rates, refurbishment costs and estimated selling expenses.

The credit quality of the loan is estimated by the Directors of the Company and is considered to be high grade based on their knowledge and their consideration of future looking events. After undertaking the procedures outlined in note 3(a) including reviewing credit risk characteristics relating to arrears and loan to value ratio, no provision for impairment is considered necessary.

Clyde Limited Partnership

The loan to Clyde Limited Partnership allows for a maximum facility of $12 million and expires no later than 26 February 2026. The loan earns interest at a rate of 10.75% per annum.

The loan securities are as follows:

- All obligations first registered mortgage over 84 Mutton Town Road;
- First registered mortgage over 86 Mutton Town Road; GSA from the Borrower;
- GSA from the GP of the Borrower;
- Conditional agreement to mortgage over 74 Mutton Town Road;
- Conditional agreement to mortgage over 98 Mutton Town Road;
- Conditional all obligations guarantees from Ostex Corporation Limited, Houlahan Enterprises Limited and Foster Family Trust.

The collateral value of the security over all the loans to Clyde Limited Partnership is estimated at $6 million, excluding GST, which represents a LVR of 58%. The fair value of the collateral was based on a valuation performed by a registered valuer (Eyles McGough) dated 11 February 2021.

Valuation of this residential development site is based on the sales comparison approach and hypothetical

Notes to financial statements for the year ended 31 March 2021

NOTE 9: FINANCE RECEIVABLES continued...

subdivision approach. The valuer used discounted cash flow calculations with a period of four years and a sell down of sites over a period of seven years.

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

Amberley Limited Partnership

The loan to Amberley Limited Partnership allows for a maximum facility of $10 million and expires no later than 30 March 2026. The loan earns interest at a rate of 10.25% per annum.

The loan securities are as follows:

- All obligations first registered mortgage over 175 Carters Road, Amberley;
- GSA from the Borrower;
- All obligations guarantees from Bartells Family Trust and Timothy Stephen Lawrence Bartells.

The collateral value of the security over all the loans to Amberley Limited Partnership is estimated at $5.7 million, excluding GST, which represents a LVR of 30%. The fair value of the collateral was based on a valuation performed by a registered valuer (Eyles McGough) dated 12 March 2021.

Valuation of this residential development site is based on the sales comparison approach and hypothetical subdivision approach. The valuer used discounted cash flow calculations with a period of four years and a sell down of sites over a period of seven years.

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

NOTE 10: PAYABLES

CURRENT	NOTE	31 Mar 2021 Audited $	31 Mar 2020 Unaudited $
Unsecured liabilities			
Trade creditors		90,290	-
Sundry creditors and accruals			
Distribution payable		500,006	-
PIE tax Liability	7	132,418	-
Accrued Audit	6	14,524	-
Accrued Management fees	13	310,215	-
		1,047,452	-

NOTE 10 (b): BORROWINGS

On 30 October 2020 the company entered into a borrowing agreement with Brankin Family Trust (BFT) which is a major shareholder in Ranfurly Manor No:1 Limited. The repayment date was extended from 20 January 2021 until such time as the Company confirms in writing to BFT that it is satisfied that a number of conditions have been met. The Company entered a loan agreement with BFT which would enable BFT to take legal action in the event of a default. The interest rate charged per annum is 10.75%. The movement in the borrowing is represented below:

continued...

Notes to financial statements for the year ended 31 March 2021

NOTE 10 (b): BORROWINGS continued...

	31 Mar 2021 Audited	31 Mar 2020 Unaudited
Principal	**$**	**$**
Opening balance	2,000,000	-
Borrowing repayments	(1,800,000)	-
Closing balance	**200,000**	-
Principal		
Accrued interest	25,977	-
Paid interest	(18,849)	-
Total due to BFT	**7,127**	

NOTE 11: SHARE CAPITAL

Issued and paid-up capital			
Ordinary shares	(a)	51,719,256	1

	31 Mar 2021 Audited		31 Mar 2020 Unaudited	
	Number	**$**	**Number**	**$**
(a) Ordinary shares				
Opening balance	1	1	-	-
Shares issued	51,719,256	51,719,256	1	1
At reporting date	51,719,256	51,719,256	1	1

Shares issued

Shares have been issued under the terms of the continuous offer which opened on 27 January 2020 and has no end date. Under the terms of the Share offer, Directors are not obliged to accept applications and can decide to suspend offering Shares at any time.

The price at each Valuation Date will be the value of a Share as determined by the Directors as fair and reasonable to the Company and the existing Shareholders. The Company Value is a significant factor in respect to the determination of the Share Issue Price.

Rights of each type of share

Ordinary Share' means a Share which confers on the holder:

(a) the right to vote at meetings of Shareholders and on a poll to cast one vote for each Share held;

(b) subject to the rights of any other Class of Shares, the right to an equal share in Dividends and other Distributions made by the Company; and

(c) the right to an equal share in the distribution of the surplus assets of the Company on its liquidation;

Capital management

The Company's capital, from a management perspective, is its share capital and its Retained Earnings. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to protect Shareholders' capital and provide a return.

Notes to financial statements for the year ended 31 March 2021

NOTE 12: EARNINGS PER SHARE

	31 Mar 2021 Audited	31 Mar 2020 Unaudited
Cents per share	**$**	**$**
Basic earnings per share after tax	6.0	(21,528.0)
Diluted earning per share after tax	6.0	(21,528.0)

The Company's policy states that Targeted Distribution Rate on each Share is an amount equal to a before tax return on the Share Issue

Price of each Share at a rate determined by the Board. Shareholders receive cash distributions net of tax however, distributions are fully imputed.

Basic earnings per share is calculated as profit divided by the weighted number of issued shares for the period.

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

Reconciliation of earnings used in calculating earnings per share		
Profit attributable to the shareholders of the Company used in calculating earnings per share	1,090,247	(215)
	Number of Shares	**Number of Shares**
Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic earnings per share	18,022,480	1
Weighted unallotted shares issued after balance date	3,803	224,199
Weighted average number of shares and potential shares used as the denominator in calculating diluted earnings per share	18,022,480	224,200

NOTE 13: RELATED PARTY TRANSACTIONS

No related party balances have been written off or forgiven during the period (2020: nil).

(a) Transactions with key management personnel

The key management personnel of the Company are the Directors:

- John Llewellyn Jackson - Director (appointed 20 December 2019)
- Scott Daniel Lester - Director (appointed 20 December 2019)
- Tracey Lancelot Goodin - Director (appointed 20 December 2019, resigned 15 May 2020)

Director's fees of $78,000 (2020: nil) were paid to Directors during the period.

	31 Mar 2021 Audited	31 Mar 2020 Unaudited
Directors' remuneration and other benefits	**$**	**$**
John Jackson	36,000	-
Scott Lester	36,000	-
Tracey Goodin	6,000	-
	78,000	-
(b) Transactions with Senior Trust Management Limited ('STML')		
Management services expense	(517,422)	-

continued...

Notes to financial statements for the year ended 31 March 2021

NOTE 13: RELATED PARTY TRANSACTIONS continued...

STML (as the Manager of the Company) and the Company are related as one of the Directors of the Company (John Jackson) is a beneficiary of the Dadrew Trust which is the sole shareholder of STML.

A management services agreement between the Company and STML was entered into on 8 January 2020. The agreement records the terms under which the STML provides investment, management and administrative services to the Company.

(c) Amounts due to Senior Trust Management Limited		
Management services expense accrued and payable	(310,215)	-

(d) Transactions with Forest Glen Limited Partnership 'FGLP')		
Interest received from FGLP	540,762	-
Interest accrued from FGLP	93,275	-
	634,036	-

Senior Trust Capital Limited ('STC') (a related party of the Company) is the sole shareholder of STC Orewa Limited. FGLP was established in Nov-18 between STC Orewa Limited and Coastal Retirement Limited (each with a 50% interest). STC is associated with the Company, as STC has common shareholders with STML. The Company's relationship with STML is described in Note 13 (b).

(e) Amounts due from Forest Glen Limited Partnership		
Finance receivable	9,983,951	-
Accrued interest	93,275	-
	10,077,226	-

	31 Mar 2021 Audited	31 Mar 2020 Unaudited
(f) Transactions with Palm Grove Partnership	**$**	**$**
Interest received	183,836	-
	183,836	-

STC Orewa Limited is a partner, with an 80% shareholding, in the Palm Grove Partnership, and is a wholly owned subsidiary of STC. STC is associated with the Company, as STC has common shareholders with STML. The Company's relationship with STML is described in Note 13 (b).

(g) Amounts due from Palm Grove Partnership		
Finance receivables	5,000,000	-
Accrued interest	46,712	-
	5,046,712	-

Notes to financial statements for the year ended 31 March 2021

NOTE 14: CASH FLOW INFORMATION

	31 Mar 2021 Full Year Audited	31 Mar 2020 4 months Unaudited
(a) Reconciliation of cash flow from operations with profit before income tax	**$**	**$**
Profit for the period	1,090,247	(215)
Tax paid	85,881	-
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(434,847)	-
(Increase) / decrease in other assets	(4,506)	-
Increase / (decrease) in payables	256,113	-
	992,888	(215)

(b) Reconciliation of cash

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

Applications account	693,755	2,472,489
Transactions account	4,102,516	-
	4,796,271	2,472,489

NOTE 15: CAPITAL AND LEASING COMMITMENTS

There are no material capital or leasing commitments at reporting date (2020: nil).

NOTE 16: CONTINGENT LIABILITIES

The Company has no contingent liabilities at reporting date (2020: nil).

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) the operations, in financial period subsequent to 31 March 2021, of the Company, or

(b) the results of those operations, or

(c) the state of affairs, in financial period subsequent to 31 March 2021, of the Company.

The Company has agreed a committed cash advance banking facility up to a maximum limit of $10 million, subject to agreed terms. The maturity date is two years six months from the date of which the facility becomes available.

The company operates exclusively within the retirement village and aged care sector, in order to capitalise on the continued expanding demand for quality senior housing in New Zealand.

Company directory

Senior Trust Retirement Village Income Generator Limited

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

ATTENTION: John Jackson
TELEPHONE: 0800 609 600
EMAIL: info@seniortrust.co.nz

www.seniortrust.co.nz

MANAGER:

Senior Trust Management Limited

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

ATTENTION: Scott Lester
TELEPHONE: 0800 609 600

COMPLAINTS CAN BE MADE TO:

Senior Trust Management Limited

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

ATTENTION: Directors
TELEPHONE: 0800 609 600

Senior Trust Retirement Village Income Generator's offer number is OFR12802.

As a financial service provider registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008, we are a member of an approved dispute resolution scheme (registration number FSP709572).

The scheme is operated by Financial Services Complaints Limited (FSCL). There is no charge to you for using FSCL's services.

FSCL'S CONTACT DETAILS ARE:

Financial Services Complaints Limited

PO Box 5967,
Lambton Quay,
Wellington 6145

TELEPHONE: 0800 347 257
or (04) 472 FSCL (472 3725)
FAX: (04) 472 3727
EMAIL: info@fscl.org.nz

www.fscl.org.nz

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

Back Cover:
THE GROVE, OREWA

SENIOR TRUST

Senior Trust Retirement Village
Income Generator Limited

WWW.SENIORTRUST.CO.NZ