



SENIOR TRUST

Product Disclosure Statement

For an offer of ordinary Shares in

Senior Trust Capital Limited

Dated: 6 August 2021

This is a replacement of the Product Disclosure Statement dated 25 November 2020

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose, offer number OFR10040. Senior Trust Capital Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial adviser to help you to make an investment decision.

1 Key Information Summary

What is this?

This is an offer of ordinary shares (**Shares**). Shares give you a stake in the ownership of Senior Trust Capital Limited (**Senior Trust Capital, we, our, us**). You may receive a return if dividends are paid or Senior Trust Capital increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Senior Trust Capital runs into financial difficulties and is wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

About Senior Trust Capital

Senior Trust Capital is an investment company which lends money to the entities that own and/or operate Retirement Villages and Aged Care Facilities (**retirement and aged care operators**). Senior Trust Capital also invests in Retirement Villages and Aged Care Facilities by taking equity investments in retirement and aged care operators and entities that have a financial interest in them.

The loans we make are used to establish new, or develop existing, Retirement Villages and Aged Care Facilities or to assist in capital restructuring. See more in the 'Senior Trust Capital and what it does' section on page [7].

We are a Portfolio Investment Entity (**PIE**), which means that investors pay tax based on their individual Prescribed Investor Rate (**PIR**).

Purpose of the offer

The purpose of the offer is to raise money to enable Senior Trust Capital to lend money to, or take an equity investment in, retirement and aged care operators and entities that have a financial interest in them, such as other lenders, management companies and shareholders selected by us.

Senior Trust Capital's loan or investment will enable the retirement and aged care operators to establish new, or develop existing, Retirement Villages and Aged Care Facilities. See more in section 3 'Purpose of the offer' on page [19].

Key terms of the offer

Description of product	Ordinary Shares
Price	From 31 March 2016, the price per Share will not be fixed.
Offer opens	14 April 2015.
Offer closes	This is a continuous offer of Shares. The offer therefore has no closing date, but the directors are not obliged to accept applications and can decide to suspend offering Shares at any time.
Minimum investment	You must make a minimum investment of \$5,000.

How pricing of our Shares is fixed

The price per Share will not be fixed. The price during each Dividend Distribution Period will be the value of a Share as determined by the directors as fair and reasonable to us and existing Shareholders. Please refer to section 4 'Terms of the offer' on page [20] for more details.

How can you get your money out

Senior Trust Capital does not intend to quote these Shares on a licensed market in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Shares. You also cannot require us to buy back ("redeem") your Shares. Please refer to section 4 'Terms of the offer' on page [20] for details on how Senior Trust Capital may be able to facilitate the sale of your Shares.

Key drivers of returns

We consider the following to be the current and future aspects of our business that have, or may have, the most impact on our financial performance and growth in value for Shareholders:

Drivers	Strategies
Maximise investor return	<ul style="list-style-type: none">• Focus on a balanced mix of capital growth investments and lending opportunities within the sector• Optimising loan and investment terms• Growth at a measured pace to mitigate risk
Identify new investment and loan opportunities	<ul style="list-style-type: none">• Continual in-market research to seek out operators with experience, proven track records, capacity, capability, and a cohesive plan for growth• Focus on key locations and areas of demographic growth
Due Diligence	<ul style="list-style-type: none">• Follow a robust due diligence process in identifying suitable retirement and aged care operators, and entities that have a financial interest in them, in which to achieve returns to Shareholders.• Seek operators that display most or all of the following characteristics:<ul style="list-style-type: none">○ Have a material financial stake in the entity○ Have a high degree of relevant experience and proven capability○ Have access to land or villages in high demand locations for the 55+yrs market○ Have development expertise and resource or access to it.○ Have a robust business model that has, or could generate growth and or cash flow returns to Shareholders

Continuous Monitoring	<ul style="list-style-type: none"> Monitoring of the operator's business with a focus on key metrics
Delivering good outcomes for our Shareholders	<ul style="list-style-type: none"> Strive for consistent growth in value for Shareholders Practice good conduct in our relationship with each Shareholder Provide clear concise, effective communication and disclosure of material information to Shareholders
Investment environment	<ul style="list-style-type: none"> Be aware of the changing competitive environment and changing investment offers from other investment entities who wish to invest in retirement and aged care operators, and entities that have a financial interest in them.

See section 2 'Senior Trust Capital and what it does' for more information.

Key risks affecting this investment

Investments in shares are risky. You should consider if the degree of uncertainty about Senior Trust Capital's future performance and returns is suitable for you. The price of these Shares should reflect the potential returns and the particular risks of these Shares.

Senior Trust Capital considers that the most significant risk factors that could affect the value of the Shares are:

- Market Concentration risk:** our assets are concentrated in a small number of loans and equity investments in a specific sector of the retirement village and aged care industry. This means that a failure or unfavourable performance of any one or more individual loans or equity investments, an industry-wide downturn or a downturn of the residential property market generally are likely to have a significant adverse impact.
- Security position risk:** the loans we make to retirement and aged care operators and entities that have a financial interest in them rank behind the prior security rights of the operator's statutory supervisor and possibly money lent to them by another financier(s) such as a bank. This means that if the borrower gets into financial difficulties, we will not be paid until the statutory supervisor or other financier(s) have been paid. In addition, when we invest by buying shares in retirement and aged care operators and entities that have a financial interest in them, we will be paid out only after all creditors have been paid.
- Credit risk:** our business includes lending money to retirement or aged care operators and entities that have a financial interest in them. If the borrower is unable to pay the agreed interest or to pay the principal back when due, this would adversely impact our ability to provide returns for our own investors and to achieve our objectives.
- Development risk:** a new business or property under development is more likely to fail than an existing business with a proven track record. This is particularly significant for Senior Trust Capital because most of our loans are made to retirement and aged care operators and entities that have a financial interest in them whose facilities are in the process of being expanded. This type of funding is more complex from a lending perspective than lending where there is a completed Retirement Village or Aged Care Facility. The key risks are the ability of the operator to manage the building project in a timely manner, construction issues arising and failure to meet projected sales targets

This summary does not cover all of the risks of investing in shares. You should also read section 7 'Risks to Senior Trust Capital's business and plans'.

Where you can find our financial information

The Financial Markets Conduct Regulations 2014 do not require us to include our financial information in this PDS. If we do not include our financial information in this PDS, then the Regulations require us to file our financial information on www.business.govt.nz/disclose, offer number OFR10040 in the document entitled "Supplementary Document incorporated by reference in PDS for Senior Trust Capital Limited".

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2 Senior Trust Capital and what it does

About Senior Trust Capital

Senior Trust Capital invests in Retirement Villages and Aged Care Facilities by making loans to, and/or taking an equity investment in, retirement and aged care operators and entities that have a financial interest in them such as other lenders, management companies and ownership entities.

Senior Trust Capital was incorporated on 1 August 2012. It has made loans to retirement and aged care operators since December 2012, with the first equity investments being made in 2015. See the section 'Table of substantial shareholders and of relevant interests held by directors and senior managers etc.' on page 18 for more information. Our directors and senior managers have many years' experience in the Retirement Village and aged care sector. See the section 'Directors, Senior Managers and individual relevant parties' on pages [16] to [19] for more information.

You need to be aware that when you invest with Senior Trust Capital, you will be buying Shares in Senior Trust Capital. As a Shareholder of Senior Trust Capital you will have an interest in the company's assets which includes loans to and/or equity investments in retirement and aged care operators and entities that have a financial interest in them.

Our associated company Senior Trust Management Limited also offers financial products, being a regulated offer for ordinary shares in Senior Trust Retirement Village Income Generator that provides investors with the opportunity to invest indirectly in the Retirement Village and aged care sectors. You can find more information about our relationship with Senior Trust Management Limited in the section 'Interests of directors, senior managers etc.' on pages [18] to [19] for more information. Apart from the relationship described there, the offer in this PDS has no relationship with the offers made by Senior Trust Management Limited.

What Senior Trust Capital Does?

Our key investment objective is to protect and grow our Shareholders' wealth. This is achieved through the income generated from our loans and any growth in the value of our equity investments. (You should be aware that equity investments represent medium to long term investments and that fluctuations in the value of our equity investments in the short term may affect the dividend rate and the value of your Shares).

Loans:

The loans we make are typically secured by mortgages over Retirement Village and Aged Care Facility land and/or property. However mortgages over other property such as shares, convertible notes or types of debt instruments such as special preference shares and convertible notes may be used in limited circumstances. We will often also take general securities over personal property, and guarantees and indemnities from persons associated with the relevant Retirement Village or Aged Care Facility in addition to a mortgage. However, the nature of the security and its priority position will depend on the circumstances of each individual loan. In some cases there may be other parties who have security interests with priority over those held by us.

A list of our current loans can be found on the Companies Office website at www.business.govt.nz/disclose, offer number OFR10040, under Other Financial Information.

We target privately owned Retirement Villages and Aged Care Facilities which compete with the publicly listed entities for a portion of the retirement village and aged care market segment. For this reason it is important that we focus mainly on retirement and aged care operators who are developing facilities in areas with strong demographic demand.

In some instances we make loans to entities that have a financial interest in the Retirement Village or Aged Care Facility (such as a shareholder or other financially interested party), rather than the operator itself. Our normal risk assessment protocols and credit approval processes are followed before such loans are made.

Our main competitors for lending to retirement and aged care operators are banks (who are generally the primary lenders). Our key competitive advantage over other lenders such as banks is that we are able to provide long term core funding with flexible terms, rather than short term funding that negatively impact on an operator's ability to efficiently expand. Usually our lending is subordinated to a bank or first tier other lenders, which will provide the first tier of funding. This means we are able to charge higher interest rates than banks due to there being more risk in lending that is subordinated.

Why borrowers seek funds from Senior Trust Capital:

Specialist lender and investor in the industry	Our focus is solely on Retirement Villages and Aged Care Facilities and our investment policies have evolved through many years' experience in the sector so we are well attuned to borrower needs.
Senior Trust Capital offers both debt and equity	Our ability to offer both long term debt and equity is attractive to operators.
Flexibility of terms	Our management team uses its in-depth knowledge to partner with operators and tailor funding packages to suit specific needs
Long term funding	Retirement Villages grow over a long period of time. Our ability to provide long term funding that matches the building timeframe creates efficiencies in the construction.

Equity:

We also take equity investments in retirement and aged care operators and entities that have a financial interest in them. Where we take an equity investment in a retirement or aged care operator or an entity that has a financial interest in them we may have limited ability to sell this investment.

A list of our current Equity Investments can be found on the Companies Office website at www.business.govt.nz/disclose, offer number OFR10040, under Other Financial Information

Senior Trust Capital Limited (STCL) is a Limited Partner within the Senior Trust Equity Limited Partnership (STELP). STELP has with effect from 1 April 2021 acquired the shares and other interests in STC Orewa Limited. Those Interests in STC Orewa include:

- 80% interest in a partnership that owns the assets of the Palm Grove Retirement Village situated in Orewa.
- 50% interest in the Forest Glen Limited Partnership that owns Coastal Properties Orewa Forest Glen Limited, a company owning a property in Orewa that has been consented for the development of a retirement village.

Funding for the acquisition and expansion of these villages has been made by way of secured loans (including partner's loans from STC Orewa Limited) and capital invested. Further details about each of these equity investments is set out below.

The seaside settlement of Orewa, 40 kilometres north of Auckland, is a popular retirement destination. The extension of the northern motorway means that Orewa is less than 40 minutes from the downtown Auckland CBD. Orewa is now part of the Auckland “super city” and has enjoyed the boom in property values that accompanies any location in the Auckland metropolitan area that offers a beach lifestyle. Orewa and adjacent locales are home to a number of large scale retirement villages meeting the surging demand of Auckland’s North Shore residents entering retirement age with substantial capital value to be released from the sale of a family home. However the area has no upmarket boutique village to meet the requirements of prospective residents who want a superior product in a more secluded environment than the 200 plus dwelling conglomerates currently offered.

Palm Grove Retirement Village (The Grove)

Construction has been completed on Stage One and the first residents are in occupation. The expansion of the village is a joint venture between entities associated with us and Aegis Projects Limited whose principals have a long history of successful retirement village construction and operation.

Forest Glen Limited Partnership

STC Orewa Limited has invested in 50% of the Forest Glen Limited Partnership (the LP) for cash consideration of \$4,489,757. The investment is funded by an intercompany advance from Senior Trust Capital. The LP has used the cash to acquire shares in Coastal Properties Orewa Forest Glen Limited (CPL) which owns 1.152 hectares of land.

The balance of the partnership is held by interests associated with Brendan Coghlan who formerly held 100% of CPL. Brendan is a highly experienced residential builder who has been responsible for the delivery of 400 plus dwellings in the Orewa / Hibiscus Coast area. Brendan has spent years and significant funds in securing the resource consent for the new retirement village.

Consent has been granted to CPL for a retirement village containing apartments and shared amenity spaces (including a -swimming pool, gymnasium, outdoor bowls area, recreation area, and theatre). The complex is accompanied by common ancillary facilities (including a lounge/dining area, library and AV area), associated landscaping, access and infrastructure.

Our main competitors for taking an equity investment in retirement and aged care operators and entities that have a financial interest in them are private equity companies, who have historically been active in taking equity positions in retirement and aged care operators. By their nature, these investments are generally unsecured, with returns anticipated to be by way of dividends and/or capital appreciation on the investment.

Dividends:

It is important to note that our dividend distribution policy is set at the discretion of the directors and is not a fixed rate of return. Further the returns you get may vary or may not be paid at all if our performance does not merit it. This might happen, for example, if a retirement or aged care operator fails to meet its obligations to pay interest on loans we have made to them. You should also be aware that, while an increase in the level of equity investments that we make over time is likely to enhance the growth of your capital, you may experience more fluctuation in the dividend rate that we can pay.

Conversely returns may increase if the income generated from our loans to Retirement Villages and Aged Care Facilities sufficiently exceed operating costs, or an equity investment produces an extra ordinary

return either during the course of the investment or upon its sale. See the section 'Risks to Senior Trust Capital's business and plans' on page [24] for more information on the risks of this investment.

See the section on our dividend distribution policy on page [23] for more information on dividends paid by us. Note that payment of dividends is not guaranteed.

Industry in which Senior Trust Capital operates

In this section, we outline the factors that in our view make investing in the Retirement Village and aged care sector attractive for us and, accordingly, for our Shareholders. But you need to be aware that when you invest with Senior Trust Capital, you will be buying Shares in Senior Trust Capital. You won't own any interests in the Retirement Villages or Aged Care Facilities or their operators to which Senior Trust Capital makes loans.

We believe the demographic wave of 'baby boomers' seeking to live in Retirement Villages has created strong demand for investment in them – and we are focussed on leveraging that demand for the benefit of our Shareholders.

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

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

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

- **Needs Driven:** When people become incapacitated through age they require care, which makes for predictable earnings that are not affected by the economy.
- **Continuum of Care:** Older prospective residents are beginning to gravitate to Retirement Villages that provide a continuum of care, which allows residents to 'age in place' with no need to move.
- **Ownership and Licence Structure:** New Zealand has a well-regarded, closely regulated and accepted model by consumers and stakeholders in the market place. Operators are providing an increasingly higher quality product which in turn is likely to drive greater demand on top of general population growth.
- **Government Support:** The costs associated with providing aged care are putting pressure on government funding. We see potential for the private sector to assist in this area via cost effective (vs. hospital bed stays) Aged Care Facilities.

- **Providing Cost-Effective Facilities:** The Retirement Village industry is very well positioned to provide cost effective Aged Care Facilities due to its existing scale and infrastructure, but requires investment to do so.
- **Longevity:** has increased dramatically since the 1950s. Longer life expectancy has a flow on effect on the demand for aged care due to a greater number of people living longer and requiring more intensive healthcare.
- **Healthcare Model:** The funding model for providing healthcare to the 65+ population is under increasing pressure in terms of attracting staff, low wages, low government funding and lack of supply due to ageing stock becoming obsolete and the new stock build programme not meeting demand. Increasing innovation is being adopted by operators around licence structures, premium fees, technology, design and methods of operation to protect margin and improve services

Apart from banks who are the primary source of lending to retirement village and aged care operators, the main sources of funding for retirement and aged care operators are private equity companies who have been active in taking equity positions in retirement village and aged care operators.

Demand for new facilities is driven by demographics. According to Jones Lang La Salle's fifth paper on New Zealand retirement villages¹ the projected need is for 11.5 new villages per year to meet the expected demand for a number of decades. This is based on the Statistics New Zealand forecasting for the period 2016 to 2043 and assumes a penetration rate of 12% and an average village size of 150 units. In 2016 penetration rates of the over 75 age cohort were in excess of 15% in a number of major regions

Retirement Villages typically produce a predictable income stream, which in turn enables their operators to pay the interest they owe to us when we make loans to them, and income distributions when we take an equity investment in them.

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

The cash flow sources to the Retirement Village operator are:

- The proceeds of the initial sale of an Occupation Right Agreement;
- The levies charged to residents; and
- A share in the sale proceeds at the departure of the residents.

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

- **Predictability** - Inevitably all residents will depart the village, and, given the wide spread of residents, in the medium term a mature Retirement Village will have a steady stream of departures and consequent cash flows.
- **Long Term Cash Flow Stream** - Unlike short-term residential rental agreements, commercial property leases or property developments, which provide short term or once only profits, Retirement Village operators resell dwellings a number of times throughout the village's economic life. This means Retirement Village operators can benefit from a sustainable long term income stream rather than a once

¹As presented to the Retirement Villages Association Policy and Financial Sector Forum on 7 of April 2017.

only development profit. Resident occupancy is underpinned by of the demographic wave of senior New Zealanders entering retirement which, according to census statistics, will extend out to 2030.

- **Capital Growth** -The cash flow benefits from capital appreciation in resident dwellings, which reflect the growth in real estate values in New Zealand.

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

You can find more information on returns paid by us on the offer register at www.business.govt.nz/disclose, offer number OFR10040 in the document entitled "Supplementary Document incorporated by reference in PDS for Senior Trust Capital Limited".

Registered Retirement Villages operate in a highly regulated environment under the Retirement Villages Act, which governs the operation of the villages through the oversight of an independent statutory supervisor. This oversight also benefits our Shareholders where we invest in registered Retirement Villages. Aged Care Facilities (that are not registered Retirement Villages) must be licensed by the local DHB, which contracts with the facility to provide aged care beds.

Both the auditors and statutory supervisors of registered Retirement Villages must be licensed by the Financial Markets Authority, which regulates New Zealand's financial markets. The statutory supervisor holds a prior security interest over the village which mitigates against any oppressive and arbitrary behaviour by a first mortgagee with respect to other lenders such as ourselves. The statutory supervisor also monitors the financial position of the village to ensure it does not over-commit itself to lenders, thereby assisting with the ability to maintain loan repayments.

Key drivers of returns

We consider the following current and future aspects of our business have, or may have, the most impact on our financial performance and growth in value:

- 1 Attracting capital from our Shareholders in order to be able to make loans to, and take equity investments in retirement and aged care operators and entities that have a financial interest in them.
- 2 Identifying suitable retirement and aged care operators and entities that have a financial interest in them in which to invest to achieve added value for Shareholders.
- 3 Increased competition for investment in retirement and aged care operators and entities that have a financial interest in them from other investment entities, and publicly listed retirement and aged care operators.

The key strategies and plans we have in place for the key drivers of our returns are:

- 1 Consistently delivering value for our Shareholders through careful selection and supervision of retirement and aged care operators and entities that have a financial interest in them in which we invest.
- 2 Identifying and investing in retirement and aged care operators and entities that have a financial interest in them who are experienced and capable, and hold a material financial interest in their business.
- 3 Identifying and investing in retirement aged care operators and entities that have a financial interest in them with Retirement Villages or Aged Care Facilities in locations with proven demographic demand.

We select the retirement and aged care operators and entities that have a financial interest in carefully, with the aim of supporting our key objectives.

Our investment policies and corporate objectives are set within the following framework:

- **Longevity:** Focusing on the Retirement Village sector we aim to deliver steady returns and to protect and grow our Shareholders' investment by carefully selecting and managing lending and equity investment opportunities in retirement and aged care operators and entities that have a financial interest in them.
- **Consistency of performance:** By applying the specialist expertise and knowledge that has evolved through our experience in the Retirement Village sector.
- **Durability:** Through investing in retirement and aged care operators and entities that have a financial interest in them which have well located, soundly run Retirement Villages and Aged Care Facilities.
- **Maturity:** Taking a measured and balanced approach to growing our business.

Our investment philosophy is that:

- Soundly-run, well located Retirement Villages and Aged Care Facilities provide the opportunity for investment that generates a regular return backed by assets with prospects of capital appreciation over time.
- Experienced and skilled operators and entities that have a financial interest in them who hold a substantial stake in their Retirement Village or Aged Care Facility provide the best prospects for both income returns and capital gains.

We base this philosophy on the following:

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

Ultimately our decision whether to invest is driven by whether the investment will:

- Over the investment timeframe, support the achievement of added value for Shareholders.
- Allow for our measured growth without over-extending financial and human resources.
- Maintain financial ratios which are acceptable to our directors, bearing in mind the level of risk to which we may be exposed.

Risk Assessment Protocols and Investment Approval Process

Lending money to the retirement and aged care operators and entities that have a financial interest in them supports our objective to provide the targeted return to our Shareholders. Equity investments support our aim of achieving capital growth by increasing the size and value of our business. We intend to only make equity investments in order for us to achieve a capital gain or a share of development profit. Our criteria for equity investments are stringent. Our first priorities are to protect Shareholders' capital and as much as possible provide a consistent, reliable and attractive return at or better than the targeted rate.

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

Our credit approval process includes the following steps:

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

We ensure that operators have a material stake in the Aged Care Facility or Retirement Village, provide personal guarantees or similar covenants in respect of all loans, and that total debt inclusive of any advance we make is sustainable by the entity.

We intend to make, where possible, loans carrying specified interest rates or investment returns to help us achieve stable revenue streams and support our prime objective of being able to pay our Shareholders an attractive dividend. Our Dividend Policy is to distribute profits to Shareholders after ensuring sufficient liquidity is maintained to sustain and grow the business. Our Dividend Policy also prohibits the payment of dividends from Share capital. Historically our dividend rate has been 8c per Share per annum (pre-tax, paid by way of a quarterly distribution of 2c per Share). Due to Senior Trust Capital being able to utilise the benefit of tax deductions, dividends paid for the quarter ended 31 March 2019 and thereafter have been at reduced rates of tax.

Our investment documentation will include wherever possible the right to increase interest rates or investment returns so as to achieve growth in value if economic conditions favour an increase. You should be aware that, while an increase in the level of equity investments that we make over time is driven by our objective of enhancing the value of Shareholders' investments, changes in the value of equity investments may lead to more fluctuation in the dividend rate that we can pay.

Before we lend to a retirement or aged care operator or entity that has a financial interest in them, we will require evidence that they can expect to meet payment obligations from sales of occupation right agreements or residential units, or from other financial resources including Government subsidies paid to the Retirement Village or Aged Care Facility. See the section 'Risks to Senior Trust Capital's business and plans' on page [24] for more information on risks specific to capitalising interest and cash flow management.

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

If we consider it necessary, we may require the directors and/or stakeholders of the Retirement Village or Aged Care Facility to make or arrange supplementary injections of cash.

In order to enforce these measures, we may ensure where appropriate that we have powers under the terms of the loan documents to give effect to these requirements. We note, however, that these measures are unlikely to be available for equity investments. See the section 'Risks to Senior Trust Capital's business and plans' on page [24] for more information on risks specific to cash flow management.

We are always mindful of the possibility of an adverse change in external funding markets that may affect the ability of a borrower or investor to meet its refinancing commitments to us. We carefully monitor our forward cash flow position to ensure solvency is maintained at all times, and to match off payment obligations against loan maturities and new share issue capabilities.

We are also mindful of the fact that our activities are concentrated in the Retirement Village and Aged Care sector, and the impact that a possible systemic failure or significant adverse material event that affects the industry could have on our Shareholders. However we believe that this risk is outweighed by the benefits of investing in a sector in which we have extensive experience and significant expertise.

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

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

See the section 'Risks to Senior Trust Capital's business and plans' on page [24] for more information on risks specific to developments.

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

Directors, senior managers, and individual relevant parties

By investing in Senior Trust Capital, you will be putting your trust in the ability of our directors and senior managers who have a wide discretion to select and manage investments that they consider will meet our objectives to pay the targeted returns and provide for future capital growth.

The directors' and senior managers' skills and expertise, and the roles they play in managing Senior Trust Capital, are therefore an important part of your investment decision. The directors must offer themselves for re-election by the Shareholders annually.

Our Directors

Our directors have a strong combination of relevant experience and skills specific to our requirements.

All directors are required to unanimously approve investment decisions and each director has one vote only. The board of directors meets not less than ten times during each financial year and ensures onsite inspections of the company's assets and investments are regularly conducted.

John Jackson - Executive Director

John has been involved in making investments in the Retirement Village and aged care industry for many years. In particular, John has been instrumental in retail offerings for a wide range of commercial property and Retirement Village entities as an adviser, director or manager. He has held senior executive officer positions in a number of financial service organisations including:

- Bayleys Financial Services Limited (a company in which John was also a minority shareholder at the time of his appointment as Chief Executive Officer). During his time at Bayleys, John was involved in, and advised on, a number of capital-raising assignments for property-related entities.
- Vanguard Capital Limited (of which John was a minority shareholder and director) and its wholly owned subsidiary, Vision Securities Limited (of which John was also a director).
- Senior Trust Management (a company wholly owned by a family trust of which John is a beneficiary).

John Jackson has been a director of the following companies which issued or managed securities related to Retirement Villages:

- In 2001 - VSL Finance (Waitakere Gardens) Limited issued \$7.750 million secured notes to fund construction at Vision Waitakere Gardens.
- In 2002 - VSL Finance (Dannemora Gardens) Limited issued \$8.450 million secured notes to fund construction at Vision Dannemora.
- In 2003 - Noisiv Limited (in liquidation) (formerly Vision Securities Limited) was the debt administrator for Vision Senior Living Limited and issued debenture stock of \$7.95 million. Vision Securities Limited was a finance company that provided loans for commercial properties. The directors of Vision Securities Limited asked the Trustee to appoint receivers on 31 March 2010 following a default on a loan. Although the company was solvent at that time, it was anticipated that it would not be able to continue to meet its ongoing obligations to debenture holders or meet future liquidity requirements, following that default. All debenture holders were repaid their capital in full as a result of the company's participation at the time in the Crown Retail Deposit Guarantee Scheme.
- In 2008 - Vanguard Investment Management Limited, being the manager of the Senior Retirement Village Trust, Senior Portfolio A (a unit trust) issued \$6.5 million units which were fully repaid.

- In 2009 - Vanguard Investment Management Limited, being the manager of Senior Retirement Village Trust, Senior Portfolio B (a unit trust) issued \$6.37 million units which were fully repaid.
- In 2010 - Senior Trust Management Limited being the manager of Senior Trust Retirement Village Fund Portfolio C (a unit trust) issued \$2.8 million units which were fully repaid (by way of refinance funded by Portfolio D).
- In 2011 - Senior Trust Management Limited being the manager of Senior Trust Retirement Village Fund Portfolio D (a unit trust) issued \$9.3 million units which were fully repaid in cash or refinanced by the Portfolio E unit trust.
- In 2014 - Senior Trust Management Limited being the manager of Senior Trust Retirement Village Fund Portfolio E (a unit trust) issued \$13.4m units.

John Jackson is our founding Shareholder and intends to retain a shareholding in Senior Trust Capital.

John is responsible to the board of directors for ensuring that the management team provides timely and accurate information on our investment management, treasury, statutory compliance, accounting and audit activities.

Andrew Franicevic – Independent Director

Andrew graduated from Auckland University in 1993 with double degrees in law and accounting. Andrew practices commercial law as a partner in Foley Hughes. Andrew has specialist expertise in the retirement sector and has acted for Senior Trust Capital since its incorporation. He has a long association with members of the Senior Trust management team and has advised the board in regard to a number of significant transactions.

For the period September 2014 to March 2020 Andrew was a director of Senior Trust Capital Trustee Limited which acted as the Trustee of Senior Trust Capital Limited's Employee Share Ownership Plan.

The Plan was closed March 2020 with all shares held by the Trustee having been acquired by Senior Trust Capital and cancelled.

Clive Jimmieson – Independent Director

Clive has a Bachelor of Management Studies from Waikato University and is a former Chartered Accountant in the commercial arena.

He has held a variety of senior roles in General Management, Finance, Marketing and Strategic planning, in both public and private businesses in New Zealand and Australia. In this time Clive has been involved in numerous successful acquisitions and mergers. Clive has operated as a Business Advisor working with private Business Owners in the areas of Strategy, Structure and Governance.

Clive was previously Head of Compliance for a NZX Main Board Listed MIS fund and is a current Member of the Institute of Directors

A full list of our directors' current and former directorships is available from the Companies Office website, <https://companies-register.companiesoffice.govt.nz/> company number 3938813.

Management Services Agreements with Senior Trust Management

Senior Trust Capital has entered into two management services agreements with Senior Trust Management under which:

- Senior Trust Capital provides services to Senior Trust Management which include identification of investment opportunities and investor relations (Management Services Agreement STCL – STML 1 April 2021)
- Senior Trust Management provides administrative support, compliance and accounting services to Senior Trust Capital (Management Services Agreement STML – STCL 1 April 2021)

A copy of the agreements can be found on the offer register at www.business.govt.nz/disclose, offer number OFR10040 in the documents entitled "Management Services Agreement dated 1 April 2021".

Table of substantial Shareholders and of relevant interests held by directors and senior managers etc.

A table of substantial Shareholders and of relevant interests held by directors and senior managers of Senior Trust Capital can be found on the offer register at www.business.govt.nz/disclose, offer number OFR10040 in the document entitled "Supplementary Document incorporated by reference in PDS for Senior Trust Capital Limited".

Interests of directors, senior managers etc.

Senior Trust Management

John Jackson and Dadrew Trustee Limited (a company associated with the Dadrew Family Trust) are the shareholders of Senior Trust Management.

Senior Trust Capital has made a number of loans to Retirement Villages or Aged Care Facilities where its security over the borrower is subordinated to a fund that is managed by Senior Trust Management and which has also made loans to the same borrower. Senior Trust Capital intends to enter into further such subordinated loans.

Senior Trust Capital has in the past and intends to continue to subscribe for units in funds which are managed by Senior Trust Management.

John Jackson provides executive services to Senior Trust Management, for which we are remunerated under a management services agreement. A copy of this agreement can be found on the offer register at www.business.govt.nz/disclose, offer number OFR10040 in the document entitled "Management Services agreement dated 1 April 2021".

Andrew Franicevic and Clive Jimmieson do not hold shares in Senior Trust Capital.

Clive Jimmieson is a Director of Senior Trust Management Limited.

Executive Director Share Ownership

John Jackson has entered into an Employee Share Loan Agreement with us, under which John was issued 400,000 Shares in us, valued at \$1.00 each. Under that agreement, we agreed to loan John (as an executive director of Senior Trust Capital) \$400,000 which John used to subscribe for 400,000 ordinary Shares in us. The key terms of the loan and subscription for Shares are as follows:

- Interest rate is charged at current prescribed rate of interest defined by the IRD. This interest rate alters to 8% pa if John is no longer an employee.

- The term of the loan expires on our wind up or on John transferring the ownership of the Shares. No principal payment is required prior to the expiry of the loan.
- We hold a Personal Property Securities Agreement over the Shares, which gives us a priority to be repaid over any other lenders in the future.

A copy of the Share Loan Agreement can be found on the offer register at www.business.govt.nz/disclose, offer number OFR10040 in the document entitled "Employee Share Loan".

Remuneration

Remuneration of directors:

- Andrew Franicevic was appointed Director on 9 August 2019. His remuneration is \$36,000 per annum.
- Clive Jimmieson was appointed Director on 31 August 2020. His remuneration is \$36,000 per annum.
- John Jackson's salary entitlement for the 12 months to 31st March 2021 was \$254,448
- John Jackson was further remunerated by way of director's fees of \$18,000 (including GST) over this period, paid by STC Orewa Limited a wholly owned subsidiary of Senior Trust Capital Limited.

3 Purpose of the offer

Senior Trust Capital has a number of current loans made to retirement and aged care operators. The purpose of this offer is to raise money to enable us to further lend money to, or take an equity investment in, more retirement and aged care operators and entities that have a financial interest in them that we select. This will enable the retirement and aged care operators to establish new, or develop existing, Retirement Villages and Aged Care Facilities.

By subscribing for Shares in Senior Trust Capital, Shareholders are given the opportunity to invest indirectly or directly in the Retirement Village and aged care industry.

Investment in the Retirement Village and Aged Care industry offers the benefits outlined in the section 'Industry in which Senior Trust operates' on page [10].

Loans and Equity Investments

Information on the loans and equity investments that Senior Trust has made can be found on the offer register at <https://disclose-register.companiesoffice.govt.nz/>, offer number OFR10040 under either Other Financial Information or Other Material Information "Table of Loans", and "Table of Equity Investments". These Tables are updated regularly and provides information about Senior Trust's outstanding loans and equity holdings as at the date specified in the Table

4 Terms of the offer

What is the offer?

This is an offer of ordinary Shares in Senior Trust Capital. Shares give you a stake in the ownership of our business.

You may receive a return if dividends are paid on your Shares or Senior Trust Capital increases in value and you are able to sell your Shares at a higher price than you paid for them.

If we run into financial difficulties and are wound up, you will be paid only after all creditors have been paid. You may lose some or all of your investment.

Price for the Shares

The price per Share will not be fixed. The price during each Dividend Distribution Period will be the value of a Share as determined by our directors as fair and reasonable to us and existing Shareholders.

While the amount of our net tangible assets will be a significant factor in the directors' decision on the Share price for each Dividend Distribution Period, it will not be the only factor the directors will consider. The directors will also consider other factors (such as the price at which Shares are being bought and sold, cash flow requirements and the terms on which the Shares were issued) in making an assessment of what is fair and reasonable.

Our net tangible assets are calculated by taking our total assets and deducting any intangible assets (such as goodwill and fair value adjustments of investments), all our liabilities, and the dividends payable for that Dividend Distribution Period.

When we take an equity investment in retirement and aged care operators and entities that have a financial interest in them, those interests will be valued in accordance with our policy for valuing 'financial assets'. Under this policy:

- Financial assets we hold with the objective of holding them to earn income from dividends paid on them are 'amortised'. This means that we spread the amount we paid for them as an expense in our statement of financial performance over their expected useful life. If we make a gain or loss when we dispose of the asset we recognise that gain or loss in the statement of financial performance at that time.
- Changes in the value of other financial assets, such as those we hold with the expectation of making a capital gain by selling them, are recognised in our statement of financial performance at 'fair value'. This means that we make an estimate of the price we would get for the asset if we sold it at the relevant time and treat the increase or reduction in value as income or expenses for accounting purposes. Fair value adjustments represent unrealised gains or losses and therefore are excluded from the calculation of Net Tangible Asset value per Share.

Any gains or losses that we incur on the sale of an asset (such as shares in a Retirement Village) represents a realised gain and will be reflected in the calculation of our net tangible assets which may accordingly affect the price of our Shares.

The pricing mechanism described above is designed to operate in a simple, commercial and cost effective way. We do not use any independent or objective external mechanism to set the price.

You need to be aware that, because the price per Share will be set for the period between each Dividend Distribution Date, there is a possibility that the price will be either less or more than the value of a Share from time to time. This could affect you:

- when you are acquiring Shares because you might pay more or less for a Share than its value based on net tangible assets, and
- When you are an existing Shareholder because new Shareholders might pay more or less for a Share than its value based on net tangible assets and so dilute or increase the value of your Shares accordingly.

Open/end dates

The offer opened 14 April 2015. This is a continuous offer of Shares and so it has no end date, but the directors are not obliged to accept applications and can decide to suspend offering Shares at any time.

Other charges

Apart from the subscription price for the Shares, you will not be liable for any further payments, fees or charges relating to their Shares.

Any brokerage or commissions will be payable by us to intermediaries in the ordinary course of business. The amounts of such brokerage or commissions are not known as at the date of this PDS, and will vary in accordance with any sum raised.

We will pay the costs of this offer, as well as costs related to some of our overheads, including costs associated with our legal advisers, accountants and auditors and other professional advisers. These costs will affect the amount of return you receive on your Shares, as returns are based on profitability after providing for such level of reserves as the directors consider appropriate.

We have entered into an agreement with Senior Trust Management Limited, which is an associated party of ours, to share costs relating to shared services that are not covered within the management services agreement such as premises expenses and office expenses which are allocated on a proportionate basis.

Transfer, sale and cancellation of Shares

You may transfer some or all of your Shares, however if you wish to continue to hold your Shares then you must hold at least 2,000 Shares following any transfer.

Senior Trust Capital does not intend to quote these Shares on a licensed market in New Zealand but they will be able to be offered for trade on the Unlisted Securities Exchange (USX), a prescribed exempt financial product market in New Zealand. The website is <https://usx.co.nz>

USX is not a Licensed Financial Product Market. Efficient Market Services Limited, which operates the USX, accepts no responsibility for any statement in this Product Disclosure Statement.

You may be able to sell your Shares on the USX if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

Any sale of Shares must comply with Senior Trust Capital's constitution and all applicable laws.

Further information on trading your Shares is set out in Section 6 **Key Features of the Shares**, under the title **Trading your Shares** on page 23. If you wish to sell your Shares, we help facilitate a sale by communicating this to other Shareholders and third parties known by us to be interested in buying Shares. However we cannot give you any guarantee that your Shares can be sold. Note it is unlikely that you will be able to sell your Shares for more than the current issue price. No commissions are payable to us on the transfer or sale of Shares.

We have the right to decline any transfer if it would result in the loss of our PIE status. Shares may be transferred in the form approved by us. Every transfer must be registered in the Share register and, for this purpose, the transfer must be sent to the office of the Share Registrar (see details in the Directory). A transferor of Shares will remain a Shareholder until the transfer is registered.

At present we do not intend to quote these Shares on a market licensed in New Zealand and there is no other established market for trading them. This means that you may not be able to sell your Shares. The directors will reconsider this position at some time in the future dependent upon prevailing market conditions and the achievement of the growth strategy.

You need to be aware that when you invest with Senior Trust Capital, you will be buying Shares in Senior Trust Capital. You will not own any interests in the Retirement Villages or Aged Care Facilities or their operators or entities that have a financial interest in them. The terms applying to your Shares are set out in our constitution. In summary, these rights include the right to:

- attend and vote at a meeting of Senior Trust Capital, including the right to cast one vote per Share on a poll on any resolution including but not limited to a resolution to:
 - appoint or remove a director or auditor (the directors may offer themselves for re-appointment by the Shareholders annually);
 - adopt or alter Senior Trust Capital's constitution;
 - approve a major transaction;
 - approve the amalgamation of Senior Trust Capital under s221 of the Companies Act 1993; and/or
 - put Senior Trust Capital into liquidation;
- receive dividends paid by Senior Trust Capital in respect of your Share;
- an equal share with other ordinary Shares if there are surplus assets if Senior Trust Capital is liquidated; and
- Be sent information about your Shares and about Senior Trust Capital.

You can find a copy of our constitution on the offer register at www.business.govt.nz/disclose, offer number OFR10040 in the document entitled " Constitution - Senior Trust Capital Limited (Oct 2017)".

5 Key Features of Senior Trust Capital's Shares

Dividends

You may get returns from your Shares by way of payment of dividends. The amount of dividends we are able to pay is based on our financial performance. Dividends are not guaranteed, are at the discretion of the directors and will be declared only after meeting appropriate solvency requirements.

Whilst past success is no guarantee of future performance our prime objective is to maintain an attractive return to Shareholders. Our Dividend Policy is to distribute profits to Shareholders after ensuring sufficient liquidity is maintained to sustain and grow the business. Our Dividend Policy also prohibits the payment of dividends from Share Capital. It is important to note that the current distribution rate return is not a fixed rate of return, and the returns you get may vary or may not be paid at all if our performance does not merit it. This might happen, for example, if a retirement or aged care operator fails to meet its obligations to pay interest on loans we have made to them. You should also be aware that, while an increase in the level of equity investments that we make over time is likely to enhance the growth of your capital, you may experience more fluctuation in the dividend rate that we can pay.

Detail on payment of dividends by Senior Trust Capital can be found on the offer register at www.business.govt.nz/disclose, offer number OFR10040 in the document entitled "Supplementary Document incorporated by reference in PDS for Senior Trust Capital Limited".

Information for Shareholders

Link Market Services Limited has been appointed by us to hold the register of Shares.

We report to our Shareholders at least every Calendar Quarter, on payment of dividends.

Each year we will confirm your Prescribed Investor Rate annually for tax purposes, and confirm the amount invested by you along with dividends earned and tax deducted in that year.

In conjunction with our Annual General Meeting, we will hold a series of investor briefings that will include detailed reviews of the audited IFRS financial statements.

See section 4 above for the 'Terms of the Offer' of Senior Trust Capital's Shares.

Trading Your Shares

Senior Trust Capital does not intend to quote these Shares on a licensed market in New Zealand but they will be able to be offered for trade on the USX, a prescribed exempt financial product market based in New Zealand. The website is <https://usx.co.nz>

Senior Trust Capital expects the Shares to be listed and available to be traded on, or about, the 1st August 2021.

Trading On the Unlisted Securities Exchange (USX)

The USX is a cost-efficient and simple Share trading platform for companies to provide liquidity and keep their Shareholders informed. It provides a means for existing and new Shareholders to buy and/or sell Shares in companies.

All trading on the USX occurs through approved USX brokers. If you would like to sell your Shares, please contact an approved USX Registered Broker.

The current approved brokers can be located at: <https://usx.co.nz/brokers>. Senior Trust Capital or the Manager does not recommend a preferred broker.

As a company listed on the USX, Senior Trust Capital has ongoing disclosure obligations. You can obtain this information free of charge by searching under Senior Trust Capital's ticker code "CCL" on the USX website: <https://usx.co.nz>

About Unlisted Securities Exchange (USX)

The USX a New Zealand based financial product market was launched in December 2003 originally trading as the Unlisted Securities trading facility. As at May 2021 the USX has facilitated in excess of 18,500 trades for 330m Shares with a value of over \$421m. The total market capitalisation has grown to approximately \$3.5b and USX issuers have raised over \$400m while listed on the market, which includes an IPO.

Senior Trust Capital

You may be able to sell your Shares on the USX, as per the above paragraph, if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares. Factors that may affect the price at which Shares are traded include the demand for Shares versus supply, the buyers' opinion that the Company Value per share is fair (or otherwise) and the investment horizon of the buyer. Any sale of Shares must comply with Senior Trust Capital's constitution and all applicable laws.

The USX is not a licensed financial product market or regulated under New Zealand financial markets laws. Investors trading in securities quoted on the USX or facilitated by Senior Trust Capital trade at their own risk and do not have the protections provided by Part 5 of the Financial Markets Conduct Act 2013 and the monitoring of market obligations by the Financial Markets Authority (FMA).

Efficient Market Services Limited, which operates the USX accepts no responsibility for any statement in this Product Disclosure Statement.

You will not have a right to require us to repurchase ("redeem") your Shares. Under the Companies Act, your Shares could be cancelled by Senior Trust Capital through a reduction of capital, share buy-back or other form of capital reconstruction. The Company will meet the requirements under the Companies Act in these circumstances.

6 Senior Trust Capital's financial information

Our financial information can be found on the offer register at www.business.govt.nz/disclose, offer number OFR10040 in the document entitled "Supplementary Document incorporated by reference in PDS for Senior Trust Capital".

7 Risks to Senior Trust Capital's business and plans

Before making an investment in any security, you should consider the risks for that investment - in particular the likelihood that they will occur and the impact they may have on your investment if they do. You should be aware that there is a relationship between the risks of the investment and the return offered.

Before investing in our Shares, you should consider the risks outlined below. These are the circumstances we are aware of, or that we think are likely to arise, that significantly increase the risk to our financial position, financial performance or our objectives.

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

- the likelihood of the circumstance occurring - that is, whether the circumstance is 'unlikely', 'possible', 'likely' or 'almost certain' to arise; and
- the impact on Senior Trust Capital's business and plans if it were to occur - that is, whether the impact would be 'minor', 'moderate', 'major' or 'severe'.

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

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

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

Concentration Risk

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

This is significant for Senior Trust Capital because our assets are concentrated. That is, they do and will comprise of a small number of loans to privately owned retirement and aged care operators and entities that have a financial interest in them. This means that any failure or unfavourable performance of any one or more individual investments, or increased competition for privately owned Retirement Villages and Aged Care Facilities, or a general downturn in the residential property market are likely to have a significant adverse impact on our financial position and financial performance and our ability to achieve our objectives.

The steps we take to manage this risk include:

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

Risk Assessment:

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

Security Position Risk

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

This is significant for Senior Trust Capital because:

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

The steps we take to manage this risk include:

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

Risk Assessment:

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

Credit Risk

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

This is significant for Senior Trust Capital when a material proportion of our business consists of lending money to retirement or aged care operators and entities that have a financial interest in them. This

means that if the borrower was unable to pay the agreed interest or to repay the principal when due, our ability to provide returns for our Shareholders and to achieve our objectives would be impaired.

The steps we take to manage this risk include:

- Focussing on lending to operators and entities that have a financial interest in them with a track record of proven performance and who have a material stake in the borrowing entity.
- Undertaking extensive due diligence including assessing credit risk and the nature of any prior ranking securities during the approval process.
- 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.

Risk Assessment:

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

People and Capability Risk

People and capability risk is the risk that key directors and senior managers may leave or may select investments that may affect our financial performance.

This is significant for Senior Trust Capital because when you invest with us, you will be putting your trust in the ability of our directors and senior managers who have wide discretion to select and manage investments that they consider will enable us to provide returns for our own Shareholders and to achieve our objectives. Our directors who make investment decisions have extensive experience and expertise in the retirement and aged care industry that they use to make sound investment decisions.

You will not have any opportunity to control our day-to-day operations, including any investment or selling decisions.

The steps we take to manage these risks include:

- The inducements we offer our skilled and experienced directors and senior managers.
- Appointment of independent directors with relevant specific skills.
- Independent professional development for directors and senior managers.

Risk Assessment:

On that basis, we consider it 'possible' that these circumstances might arise. If these circumstances were to arise, the impact on our financial position or performance and our ability to achieve our objectives would be 'moderate' to 'severe', depending on the number of investments affected. This means that we classify the people and capability risk as medium to low.

Development Risk

Development risk is the risk that a new business or property under development is more likely to fail or than an existing business with a proven track record.

This is significant for Senior Trust Capital because most of our loans are made to retirement and aged care operators and entities that have a financial interest in them whose facilities are in the process of being expanded. This type of funding is more complex from a lending perspective than lending where there is a completed Retirement Village or Aged Care Facility. The key risks are the ability of the operator to manage the building project in a timely manner, construction issues arising and failure to meet projected sales targets. Senior Trust Capital is intending to acquire and develop a number of Retirement Villages and Aged Care Facilities with the intent of adding capital value for Shareholders. These intentions carry the risk of being delayed, interrupted or otherwise impacted by various property development risks. These risks could have a material impact on Senior Trust Capital's financial performance.

The steps we take to manage this risk include:

- Having a well-resourced management team with experience in monitoring developments.
- Access to industry expertise to call on if required.
- Requiring strong evidence of market support before agreeing to lend, and detailed and timely marketing reports to assess the selling environment and the number of sales made against the target.
- Reflecting the additional risks we assume through such lending in the interest rate we charge on the loan.

Risk Assessment:

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

Capitalised Investment Risk

Capitalised investment risk is the risk that a borrower who borrows money on the basis that they will not pay interest during the term of the loan, but will repay all interest together with capital at the end of the term then fails to repay the interest and capital when due.

This is significant to Senior Trust Capital because of the nature the developments we lend to and their cashflow requirements we do provide capitalised loan facilities. For example, a bank may require us to capitalise interest as part of their agreement to us taking a subordinated position to their loan. This could reduce the value of the security over the assets during the term of the loan, potentially reducing our ability to recover the amount borrowed and interest due. Our ability to provide returns for our own Shareholders and to achieve our objectives would therefore be impaired.

The steps we take to manage this risk include:

- Making capitalised interest loans to those borrowers who have, or can, demonstrate sufficient capacity to meet future loan repayment obligations.
- Regular monitoring of loan parameters to ensure security margins are adequate and where potential erosion of security margin occurs require the borrower to take remedial action.
- Maintaining adequate cash reserves and credit arrangements to meet liquidity requirements

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

Liquidity Risk

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

This is significant to Senior Trust Capital because our ability to pay our creditors and to pay dividends to Shareholders may be affected in the event of reduced liquidity.

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

- Oversight and analysis of borrower cash flows to provide early warning of any inability to meet their obligations.
- Regular monitoring of operational cash flow forecasts.
- Maintaining an overdraft facility with the Bank of New Zealand.
- Retaining an appropriate amount of retained profits.

Risk Assessment:

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

8 Taxation

Tax can have significant consequences for investments.

Senior Trust Capital is a multi-rate portfolio investment entity. The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to <https://www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates> . If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell Senior Trust Capital Ltd your PIR when you invest or if your PIR changes. If you do not tell Senior Trust Capital Ltd, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR you may be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR, you may not be able to obtain a refund for the tax deducted at the higher rate.

We are a PIE, which means that investors pay tax based on their individual PIR. You should be aware that if you notify a PIR that is lower than your correct PIR, you may be liable to pay further tax in addition to tax accounted for by us. Conversely, if you notify a PIR that is higher than your correct PIR, you may not be able to claim back the excess tax paid.

If you have queries relating to the tax consequences of investing in Senior Trust Capital then you should obtain professional advice on those consequences.

9 Where can you find more information?

We will provide you with a transaction statement each time Shares are issued to you, transferred to or from you or cancelled.

Further information relating to us and our Shares (for example, our constitution and financial statements) is available on the offer register at www.business.govt.nz/disclose, offer number OFR10040.

An annual report complying with the Companies Act 1993 is available to all Shareholders, either on request or on the offer register at www.business.govt.nz/disclose, offer number OFR10040.

We must keep, and make available for inspection by Shareholders, minutes of all meetings and resolutions passed by Shareholders, copies of written communications to Shareholders (including annual reports and financial statements), certificates given by the directors and the interests register. These documents can be made available to you at no charge on request in writing to the address set out in section 11 – Contact Information.

An annual meeting of our Shareholders will be held after the end of each financial year.

You can also contact John Jackson, Executive Director, at the address set out in section 11 – Contact Information.

10 **How to apply**

You can apply for Shares in Senior Trust Capital by filling in the application form at the end of this PDS and sending it in the manner set out in the application form.

11 **Contact information**

If you require any further information please contact:

John Jackson
Executive Director
Senior Trust Capital Limited
P O Box 113120
Newmarket
Auckland 1149

Freephone: 0800 609 600
Email: info@seniortrust.co.nz

If you have a complaint you can contact Senior Trust Capital at the above address.

If you have had no response for 90 days or the proposed resolution of your complaint remains unresolved, then you can contact:

Financial Services Complaints Limited
PO Box 5967
Wellington 6140

Or
Level 4 101 Lambton Quay
Wellington 6011

Email:
info@fscl.org.nz
Complaints@fscl.org.nz

Phone:
Freephone 0800 347 257 or 04 472 3725

FSCL is an independent, privately owned, government approved dispute resolution scheme which can facilitate the resolution of a dispute or complaint at no charge to you.

Glossary

Aged Care Facility	Aged Care Facilities may not be registered Retirement Villages but are usually associated with a registered Retirement Village or a facility that intends to register. Aged Care Facilities are licensed by the relevant District Health Board (DHB) and provide care on the basis of an age-related residential care contract with the DHB. This may include swing beds which are licensed by a DHB for use by the general public.
Auditor	William Buck Audit (NZ) Limited.
Calendar Quarter	The four quarters of a calendar year beginning on 1 January, 1 April, 1 July and 1 October.
Dividend Distribution Date	At the discretion of the directors but no later than the end of the month following the Dividend Distribution Period.
Dividend Distribution Period	Each Calendar Quarter.
IFRS	International Financial Reporting Standards.
Occupational Rights Agreement	A right a resident has to occupy a residence in a registered Retirement Village.
Operating Profits	Profits from business operations (gross profit minus operating expenses) but before deduction of interest and tax.
PIE	A portfolio investment entity as defined in the Income Tax Act 2007.
• PIE tax	Tax payable by the Company, (whether deferred or current) which is determined by reference to Prescribed Investor Rates of Shareholders, or is otherwise determined by the Trustee or the Company to be attributable to income allocated to Shareholders.
• Prescribed Investor Rate	The rate a Shareholder has or may elect under the Income Tax Act 2007 in relation to income allocated to them by a PIE.
• Registrar	Link Market Services Limited.
• Retirement Village	<p>Means an entity which owns real property predominantly intended for the residential use of persons above a defined age, and which may include any of the following:</p> <ul style="list-style-type: none"> • a fully developed Retirement Village; • a partially developed Retirement Village which has further development plans, and includes its associated development or expansion activity; • a Retirement Village development underway; and • Bare land which is intended for the development of a Retirement Village. <p>For the last two categories, the development plans may be such that common facilities or related facilities (such as Aged Care Facilities or hospitals) may be constructed prior to, during or after the Retirement Village element of the development.</p>

• Retirement Villages Act	Retirement Villages Act 2003 and its related legislation.
• Share	An ordinary share in Senior Trust Capital Limited.
• Shareholder	A person for the time being registered in the Share Register as the holder of a Share and includes persons jointly registered.
• Share Register	The register of our Shareholders held by Link Market Services Limited and maintained in accordance with our constitution.

Senior Trust Capital Limited – Application form

Having received and read the current Product Disclosure Statement (PDS) dated 6th August 2021, I/We hereby apply for ordinary Shares in Senior Trust Capital Limited as set out below, upon the terms and conditions of the registered PDS.

A. APPLICANT DETAILS (as appear on Drivers Licence or Passport)

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

B. APPLICATION & PAYMENT

I wish to subscribe for Shares for the following NZ\$ Amount:

\$

Applications for subscription of Shares must be accompanied by payment in the correct amount.

The minimum amount you can apply for is \$5000.00 and then in multiples of \$100.00 thereafter.

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

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

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

Option 2: By Direct credit in New Zealand dollars to the Senior Trust Capital Applications Account. The account number is 02 - 0192-0149044-02. Please use your name as a reference. The Direct Credit should be made at the same time as the application is submitted. Refunds will be paid to unsuccessful Applicants within five Business Days after the allocation of Shares or after an Application has been declined (as applicable). Interest will not be paid on any Application Monies refunded to Applicants.

Please provide New Zealand dollar bank account details for direct debit (if you selected Option 1) and/or direct credit of your quarterly distribution payments. If you wish to have your distribution paid into a different bank account than the one provided below for direct debit purposes, you need to advise Link Market Services of the account details in writing with appropriate evidence. **PLEASE NOTE:** No distribution payments will be made by cheque. Payments will be withheld until such time a bank account is provided to the Registrar, Link Market Services.

Name of Bank:

Name of Account:

Bank

Branch

Account Number

Suffix

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

Name of NZX Firm where Cash Management Account is held:

Cash Management Account Number:

C. COMMON SHAREHOLDER NUMBER (CSN)

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

D. ELECTRONIC COMMUNICATIONS

I agree to receive my communications via email at my email address:

E. IRD NUMBER (Both IRD numbers are required in respect of a joint application)

Applicant #1: IRD Number

Applicant #2: IRD Number

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

APPLICABLE PRESCRIBED INVESTOR RATE (TICK ONE BOX) FOR EACH APPLICANT

0%

10.5%

17.5%

28%

Note: If a PIR rate is not selected, 28% will apply Non-Resident investors are subject to the 28% PIR rate

F. VERIFICATION OF YOUR IDENTIFY

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

APPLICANT #1: NZ Drivers Licence number:

Licence version number:

APPLICANT #2: NZ Drivers Licence number:

Licence version number:

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

G SIGNATURE(S) OF APPLICANTS

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

H RETURN OF APPLICATION

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

SCAN & EMAIL: info@seniortrust.co.nz

MAIL: PO Box 113120, Newmarket, Auckland 1149

Terms and Conditions

By signing this Application Form:

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

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

CERTIFICATE OF NON-REVOCATION OF ATTORNEY

Only complete this section if this Application Form is signed by an attorney of the applicant.

I, _____ of _____
(Name of Attorney) (Address and Occupation of Attorney)

hereby certify that:

1. By Power of Attorney dated the _____ day of _____ the Donor, being, _____
(Name, Address and Occupation of person for whom Attorney is signing)

appoints me his/her/its Attorney on the terms and conditions set out in the Power of Attorney;
2. I have executed the application for Shares offered by Senior Trust Capital as Attorney pursuant to the powers conferred on me by the Power of Attorney; and
3. At the date of this certificate I have not received any notice or information of the revocation of the Power of Attorney, whether by the death of the Donor or otherwise.

Signed at _____ this _____ day of _____ 20____

(Signature of Attorney) _____

CERTIFICATE OF AGENT

Only complete this section if this Application Form is signed by an agent of the applicant.

I, _____ of _____
(Name of Agent) (Address and Occupation of Agent)

hereby certify that:

1. By Deed of Appointment dated the _____ day of _____ the Donor, being, _____
(Name, Address and Occupation of person for whom Agent is signing)

appoints me his/her/its Agent for the purposes of signing this Application Form;
4. I have executed the application for Shares offered by Senior Trust Capital Ltd as Agent in accordance with the authority granted to me by the Donor; and
5. At the date of this certificate I have not received any notice or information of the revocation of my power as Agent, whether by the death of the Donor or otherwise.

Signed at _____ this _____ day of _____ 20____

(Signature of Agent) _____