SENIOR TRUST RETIREMENT VILLAGE INCOME GENERATOR LIMITED
ASSET VALUATION AND PRICING POLICY

1. Purpose

The purpose of this policy is to set out the principles and methodology used for asset valuation and pricing of the Company's assets.

For the purposes of this document, asset valuation refers to the valuation of individual assets held by the Company and pricing refers to valuation of each Shareholder's interest.

2. Valuation of Assets

The overarching principle of the asset valuation policy is that individual asset valuations should accurately reflect the value of that asset from a recognised source at a particular valuation day.

The assets held have a documented process to ensure valuations are applied consistently. There is subsequent assurance checks made to confirm the correct processes are being followed and the accuracy of information used to determine the valuation.

Asset Valuation

The assets are predominately loans which will generally be made to privately owned Retirement Villages and Aged Care Facilities which are seeking to refinance, expand existing operations or embark on the development of new facilities or cash and cash equivalents which includes term investments and cash on hand and at banks.

The Company is restricted to lending to a maximum, continuous loan to value ratio (**LVR**) of 75% of the assessed value of the security, with the assessment based on a mortgage valuation by an independent registered valuer (approved by the Manager) who assesses the market value of the assets as security for the loan.

In respect of loans to operators of Retirement Village and Aged Care Facilities that are used for development purposes, Work-In-Progress (WIP) reports certified by a quantity surveyor will also be provided during a development in order to substantiate an increase in the valuation. The WIP reports provide an assessment of the value of the works completed on-site. WIP will be taken into account when assessing whether the borrower is within the 75% LVR ratio

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a finance receivable that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

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

Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;

(b) A breach of contract, such as a default or past due event;

(c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties; or

(f) The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

The Manager will maintain regular contact with all its contractual partners for which it has lending arrangements in place, so that it can proactively take corrective action before any of the above events occur to prevent the impairment of the financial asset.

However, for whatever reason that proactive corrective action cannot be taken and an impairment results, Senior Trust will take all necessary actions in accordance with its contractual obligations per the loan documentation.

The asset types held by the Company have documented process to ensure valuations are applied consistently. There is subsequent assurance checks made to confirm the correct processes are being followed. Methodologies are also reviewed as part of the annual audit cycle.

Once an asset triggers the impaired asset tests, the Board will decide on how the specific loan should be valued. The valuation of impaired assets will be done in consultation with the supervisor.

3. Pricing

The calculation of the Share prices is a critical operation which ensures that the value of Shareholders' investments are determined accurately.

The Manager undertakes pricing internally. The Manager calculates the Share Issue Price in accordance with the methodology specified in the governing document. The Share Issue Price is calculated at each valuation day.

Shares are issued at the Issue Price. The Issue Price of a Share is the Company Value per Share as at the relevant Valuation Day on which the Shares are issued. Investors can contact the Manager at any time to find out the Issue Price for the previous Valuation Date.

Control and monitoring of the Share price

The Share pricing process is based on investment accounting information maintained in the Manager's financial system.

The Share pricing preparation process contains various levels of checks and controls including:

1. data integrity review before the Share pricing can commence; and
2. various in-built Share price model checks
3. independent review by the Manager

If there is an event of impairment then this will impact the Share price.

4. Review of Policy

The Asset Valuation and Pricing Policy will be reviewed annually by the Board or more frequently if required.

The policy is subject to change at any time.