

SENIOR TRUST RETIREMENT VILLAGE INCOME GENERATOR LIMITED
BORROWING POLICY

1 Introduction

- 1.1 Senior Trust Retirement Village Income Generator Limited (Senior Trust). Senior Trust is a New Zealand company established to lend money in the form of loans to the entities that own and operate Retirement Villages and Aged Care Facilities.
- 1.2 The Board governs the business and affairs of Senior Trust and is responsible to attend to the risk that the company has sufficient funding from operational cashflows and, in specific circumstances, to engage with parties to provide borrowing to enable the business to meet its requirements.

2 Borrowing Control

- 2.1 The Board's role is to govern the business and purposes of Senior Trust. It is responsible to attend to the risk that the company has sufficient funding from operational cashflows and, in specific circumstances, may engage with parties to provide borrowing to enable the company to meet its requirements.
- 2.2 The Board of Senior Trust will borrow funds in accordance with this borrowing policy and have consideration for the requirements of the Shareholders and its regulatory obligations.
- 2.3 The Board notes that there are risks to borrowing, which includes the reputation or continuity of the company which could have a negative impact on the Shareholders, through the lender taking action against the company. This could impact the company being able to meet the targeted distribution rate or repay principal when due.

3 Policy Statement

- 3.1 The Board shall only borrow funds when the following criteria are met:
 - 3.1.1 After careful assessment by the Board, it is determined that it is in the interests of the company to undertake borrowing.
 - 3.1.2 A business case must be put forward and approved by the Board before any borrowing application can commence, in particular if borrowing is in respect to new lending opportunities.
- 3.2 The criteria for the approval of a business case is to be dictated and approved by the Board.
- 3.3 Before borrowing is approved, a plan must be submitted to and signed off by the Board. The plan must forecast the company's ability to repay the debt in full and on time and demonstrate that it is in the beneficial interests of the Shareholders to undertake this commitment.
- 3.4 Signatories of two or more Board members are required to commit Senior Trust to any debt, with the preferred mode of authorisation being by formal resolution of the Board.

3.5 In borrowing funds, Senior Trust shall do so in accordance with the following:

- 3.5.1 The level of overall borrowings for the company shall not exceed 20% of the company's assets.
- 3.5.2 No borrowing limits, such as an overdraft limit, will be exceeded.
- 3.5.3 The length of the facility will be determined by the Board after reviewing the cashflow forecast, the terms of the facility and any other relevant information.
- 3.5.4 Borrowing must only be obtained from reputable organisations, as approved by the Board.
- 3.5.5 All banking or finance institution's terms and conditions must be adhered to.
- 3.5.6 No borrowing discussions should be entered into that may require personal guarantees of any Board or staff member without express Board approval to do so.
- 3.5.7 Any borrowing must be in compliance with the company's constitution.
- 3.5.8 Any borrowing, where required, will have been advised to, and where necessary have the approval from, other stakeholders.

4. Responsibilities and Authorities

4.1 Senior Trust's Manager will:

- 4.1.1 Monitor the repayment of the borrowing.
- 4.1.2 Regularly review the interest rate and terms of the borrowings and report to the Board if better options become available.

4.2 The Senior Trust Board will:

- 4.2.1 Oversee the implementation and review of this borrowing policy through the delegated responsibility to the Manager.
- 4.2.2 The Senior Trust Board is responsible for approving any new or extension of existing borrowing / overdraft facilities.
- 4.2.3 The Board (or their delegated Manager) is responsible to ensure the appropriate external parties are informed prior to any commitments to borrowing.