Interim Report 2023

INTERIM FINANCIAL STATEMENTS

Radius Residential Care Ltd | www.radiuscare.co.nz

radius care

Contents

For the six months ended 30 September 2022

Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2022

$'000	NOTES	Unaudited Six Months 30-Sep-22	Unaudited Six Months 30-Sep-21
REVENUE			
Revenue from contracts with customers		69,101	64,458
Deferred management fees		768	449
Total revenue		**69,869**	**64,907**
Fair value movement of investment properties	2.1	175	(65)
Government subsidy received		154	—
Interest income		50	32
Gain on acquisition of leased property assets	2.4	1,781	1,403
Gain on business acquisition	4.4	927	—
Total revenue and other income		**72,956**	**66,277**
EXPENSES			
Employee costs		(44,341)	(39,292)
Depreciation expense		(4,986)	(5,746)
Finance costs		(5,344)	(4,590)
Other expenses		(16,097)	(14,987)
Total expenses		**(70,768)**	**(64,615)**
Profit before income tax		**2,188**	**1,662**
Income tax expense	4.1	(464)	(328)
Profit for the period		**1,724**	**1,334**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD			
Other comprehensive income		**—**	**—**
Total comprehensive income		**1,724**	**1,334**
Basic and diluted earnings per share (cents per share)	3.2	0.64	0.64

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2022

$'000	NOTES	Contributed equity	Asset revaluation reserve	Other reserve	Retained earnings	Total
Balance as at 1 April 2021[1]		**5,932**	**6,812**	—	**11,349**	**24,093**
Profit for the period		—	—	—	1,334	1,334
Other comprehensive income		—	—	—	—	—
Total comprehensive income		**—**	**—**	**—**	**1,334**	**1,334**
Transactions with owners						
Net proceeds from issue of shares	3.1	45,825	—	—	—	45,825
Dividends paid	3.1	—	—	—	(1,128)	(1,128)
Total transactions with owners		**45,825**	**—**	**—**	**(1,128)**	**44,697**
Balance as at 30 September 2021[2]		**51,757**	**6,812**	**—**	**11,555**	**70,124**
Balance as at 1 April 2022[1]		**51,732**	**6,812**	—	**11,544**	**70,088**
Profit for the period		—	—	—	1,724	1,724
Share based payments reserve	4.3	—	—	9	—	9
Other comprehensive income		—	—	—	—	—
Total comprehensive income		**—**	**—**	**9**	**1,724**	**1,733**
Transactions with owners						
Net proceeds from issue of shares	3.1	5,000	—	—	—	5,000
Dividends paid	3.1	—	—	—	(1,481)	(1,481)
Total transactions with owners		**5,000**	**—**	**—**	**(1,481)**	**3,519**
Balance as at 30 September 2022[2]		**56,732**	**6,812**	**9**	**11,787**	**75,340**

[1] Audited
[2] Unaudited

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Financial Position

As at 30 September 2022

$'000	NOTES	Unaudited 30-Sep-22	Audited 31-Mar-22
ASSETS			
Cash and cash equivalents		128	2,088
Trade and other receivables		14,232	9,882
Inventories		761	768
Current tax assets		59	—
Investment properties	2.1	69,597	46,014
Property, plant and equipment	2.2	131,238	73,839
Right-of-use assets	2.4	110,998	133,912
Intangible assets		19,757	19,757
Deferred tax assets	4.1	3,434	3,885
Total assets		**350,204**	**290,145**
LIABILITIES			
Trade and other payables		18,392	16,901
Current tax liabilities		—	444
Borrowings	3.3	95,538	30,000
Deferred management fee	2.3	3,387	1,553
Refundable occupation right agreements	2.3	38,527	28,616
Lease liabilities	2.4	119,020	142,543
Total liabilities		**274,864**	**220,057**
NET ASSETS		**75,340**	**70,088**
EQUITY			
Share capital	3.1	56,732	51,732
Asset revaluation reserve	3.1	6,812	6,812
Other reserve	3.1	9	—
Retained earnings		11,787	11,544
Total equity		**75,340**	**70,088**

The Board of Directors of the Company authorised these consolidated interim financial statements for issue on 25 November 2022.

For and on behalf of the Board.

Brien Cree - Chair, Board of Directors

Hamish Stevens - Chair, Audit and Risk Committee

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2022

$'000	Unaudited Six Months 30-Sep-22	Unaudited Six Months 30-Sep-21
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from residents for care fees and village fees	65,856	62,670
Payments to suppliers and employees	(60,039)	(54,899)
Proceeds from the sale of Refundable Occupation Right Agreements	1,335	1,610
Settlement of Refundable Occupation Right Agreements	(855)	—
Interest received	50	32
Interest paid - borrowings	(2,286)	(421)
Interest paid - lease liabilities	(3,046)	(4,169)
Income tax paid	(615)	(1,268)
Net cash provided by operating activities	**400**	**3,555**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of property, plant and equipment	7	47
Payments for the purchase of property, plant and equipment	(53,032)	(33,771)
Payments for village developments	(97)	(98)
Payment for acquisition of businesses	(500)	—
Net cash used in investing activities	**(53,622)**	**(33,822)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issue of shares	—	48,229
Proceeds from borrowings	54,020	—
Repayment of bank borrowings	—	(8,500)
Principal payment of lease liabilities	(1,277)	(1,950)
Share issue costs	—	(2,404)
Dividends paid	(1,481)	(1,128)
Net cash provided by financing activities	**51,262**	**34,247**
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of the period	2,088	2,761
Net increase/(decrease) in cash and cash equivalents held	(1,960)	3,980
Cash and cash equivalents at end of the period	**128**	**6,741**

The accompanying notes form an integral part of these consolidated interim financial statements.

Consolidated Statement of Cash Flows continued

For the six months ended 30 September 2022

$'000	Unaudited Six Months 30-Sep-22	Unaudited Six Months 30-Sep-21
RECONCILIATION OF PROFIT FOR THE PERIOD TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Profit for the period	1,724	1,334
ADJUSTMENTS FOR NON-CASH ITEMS		
Depreciation	4,988	5,746
Net loss/(gain) on disposal of property, plant and equipment	13	174
Gain on acquisition of leased property assets	(1,781)	(1,403)
Fair value adjustment to investment properties	(175)	65
Movement in deferred tax	351	(1)
Share based payments	9	—
Gain on business acquisition	(927)	—
CHANGES IN OPERATING ASSETS AND LIABILITIES		
- Trade and other receivables and other assets	(4,347)	(2,819)
- Inventories	6	(81)
- Trade and other payables and other liabilities	1,467	316
- Current tax liabilities	(502)	(939)
- Refundable Occupation Rights Agreements	(426)	1,163
Net cash provided by operating activities	**400**	**3,555**

The accompanying notes form an integral part of these consolidated interim financial statements.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

1. GENERAL INFORMATION

1.1. Basis of Preparation

Reporting Entity

The consolidated interim financial statements are for Radius Residential Care Limited ('the Company') and its subsidiaries (together 'the Group').

The Group provides rest home and hospital care for the elderly along with development and operation of integrated retirement villages in New Zealand.

Statutory Basis and Statement of Compliance

Radius Residential Care Limited is a limited liability company, incorporated and domiciled in New Zealand. It is registered under the Companies Act 1993 and is a FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013. The Company is listed on the NZX Main Board ("NZX"). The consolidated interim financial statements have been prepared in accordance with the requirements of the NZX, and Part 7 of the Financial Markets Conduct Act 2013.

These consolidated interim financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'), They comply with New Zealand equivalents to International Accounting Standard 34 Interim Financial reporting ('NZ IAS 34') and International Accounting Standard 34 Interim Financial Reporting ('IAS 34'). The Group is a Tier 1 for-profit entity in accordance with XRB A1 Application of the Accounting Standards Framework.

The accounting policies that materially affect the measurement of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and the Consolidated Cash Flow Statement have been applied on a basis consistent with those used in the audited consolidated financial statements for the year ended 31 March 2022. All new standards, amendments and interpretations to existing standards that came into effect during the current accounting period have been adopted in the current year. None of these have had a material impact on the Group.

The consolidated interim financial statements do not include all the notes of the type normally included in the consolidated annual financial statements. Accordingly, these consolidated interim financial statements are to be read in conjunction with the consolidated annual financial statements for the year ended 31 March 2022, prepared in accordance with New Zealand Equivalents to the International Financial Reporting Standard ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

The consolidated interim financial statements for the six month period ended 30 September 2022 and comparatives for the six month period ended 30 September 2021 are unaudited, but reviewed. The consolidated annual financial statements for the year ended 31 March 2022 were audited and form the basis for the 31 March 2022 comparative figures for that period in these statements.

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

The balance sheet for the Group is presented on the liquidity basis where the assets and liabilities are presented in the order of their liquidity. The Group has adopted the liquidity basis presentation to be consistent with its listed retirement village and aged care peers.

Functional and Presentation Currency

The consolidated interim financial statements are presented in New Zealand dollars which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Measurement Basis

These consolidated interim financial statements have been prepared under the historical cost convention, with the exception of investment properties (note 2.1) and land and buildings included within property, plant and equipment (note 2.2).

Key Estimates and Judgements

The preparation of the consolidated interim financial statements in conformity with IAS 34 and NZ IAS 34 requires the use of certain critical accounting estimates. It also requires the Board of Directors and Management to exercise their judgement in the process of applying the Group's accounting policies.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated interim financial statements are described in the following notes:

- Valuation of investment properties (note 2.1)
- Valuation of land and buildings (note 2.2)
- Lease extension and termination options & incremental borrowing rates (note 2.4)
- Impairment testing of goodwill:
  The recoverability of the carrying value of goodwill is assessed at least annually to ensure that it is not impaired. Performing this assessment generally requires management to estimate future cash flows to be generated by the cash-generating unit, which entails making judgements, including the expected rate of growth of revenues based on budgeted projections of occupancy levels, margins expected to be achieved, the level of future capital expenditure required to support these outcomes and the appropriate discount rate to apply when valuing future cash flows.
- Impairment testing of right-of-use assets (note 2.4)
- Recognition of deferred tax assets (note 4.1)

Following on from the disclosures in the Group's annual financial statements for the year ended 31 March 2022 regarding the ongoing COVID-19 pandemic, the New Zealand Government continued to maintain a range of public health and economic measures to mitigate the impact of the COVID-19 pandemic. These measures have gradually been removed during the period with the COVID-19 Protection Framework officially ending on 12 September 2022 and vaccine mandates being removed on 26 September 2022. The pandemic and subsequent health measures imposed have lowered overall economic activity across New Zealand. The Group's revenue has not been significantly impacted, but the COVID-19 pandemic has increased the Group's expenditures since the outbreak began. In addition to the ongoing COVID-19 pandemic, unfavourable macro and micro economic conditions and adverse global events, which include rapidly rising interest rates and inflation, skill shortages and the flow on effects from the conflict between Ukraine and Russia is having a significant impact on energy and financial markets across the globe is also further impacting Group's expenditures. The Directors have assessed and taken into consideration the impact of the ongoing COVID-19 pandemic, unfavourable macro and micro economic conditions and adverse global events on these key estimates and judgements.

It is not possible to estimate the short and long-term effects of the above matters will have on operations.

As at the date of these interim financial statements, all reasonably known and available information with respect to the COVID-19 pandemic has been taken into consideration and all reasonably determinable adjustments have been made in preparing these consolidated interim financial statements.

Segment Reporting

An operating segment is a component of an entity that engages in business activities which earn revenue and incur expenses and where the chief operating decision maker reviews the operating results on a regular basis and makes decisions on resource allocation.

The Group operates in one operating segment being the provision of aged care in New Zealand. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole. The nature of the services provided and the type and class of residents have similar characteristics within the operating segment. The Ministry of Health is a significant customer of the Group, as the Group derives care fee revenue in respect of eligible Government subsidised aged care residents. No other customers individually contribute a significant proportion of the Group's revenue. All revenue earned and assets held are in New Zealand.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

2. PROPERTY ASSETS

2.1. Investment Properties

Accounting policy

Investment properties include freehold land and buildings (completed and under development), comprising retirement villages including common facilities, provided for use by residents under the terms of a Refundable Occupation Right Agreement (ORA). Investment properties are held for long term yields and to generate rental income.

Investment properties are initially recognised at cost. After initial recognition, investment properties are measured at fair value. Gains or losses arising from a change in the fair value of investment properties is recognised in profit or loss.

Land acquired with the intention of constructing investment properties are classified as investment properties from the date of acquisition.

Rental income from investment properties is accounted for as deferred management fees as described in note 2.3.

$'000	NOTES	Unaudited 30-Sep-22	Audited 31-Mar-22
INVESTMENT PROPERTIES			
Opening carrying amount		46,014	31,675
Acquisition of Matamata Retirement Village & Clare House Retirement Village Limited[1]	4.4	23,311	12,840
Development expenditure		—	—
Net fair value gain		175	1,088
Occupation Right Agreements settled		(1,160)	(2,420)
Occupation Right Agreements entered		1,160	4,490
Purchases		97	67
Unsold units included in opening carrying amount		—	(1,610)
Other adjustments		—	(116)
Closing carrying amount		**69,597**	**46,014**
A reconciliation between the valuation and the amount recognised on the Consolidated Statement of Financial Position as investment properties is as follows:			
Valuation of operator's interest		21,218	15,450
Refundable Occupation Right Agreements	2.3	38,527	28,616
Deferred management fee	2.3	3,387	1,553
Unsold units		3,715	395
Residential properties		2,750	—
		69,597	**46,014**

1. On 29 September 2022, the Group acquired investment properties as part of the Matamata Retirement Village business combination, refer to note 4.4. On 1 November 2021, the Group acquired investment properties as part of the Clare House business combination, refer to note 5.6 of the Group's audited consolidated financial statements for the year ended 31 March 2022.

Valuation process and key inputs

The Group's investment properties are valued on an annual basis by CBRE Limited (CBRE) and Colliers, independent valuers. CBRE and Colliers are registered with the Property Institute of New Zealand, employ registered valuers and have appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

Fair value as determined by CBRE and Colliers are adjusted for assets and liabilities already recognised in the Statement of Financial Position which are also reflected in the discounted cash flow model. The valuation of investment properties is then grossed up for cash flows relating to refundable Occupation Right Agreements, which are recognised separately in the Statement of Financial Position (refer also note 2.3).

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

Retirement villages under development

The cost of retirement villages includes directly attributable construction costs and other costs necessary to bring the retirement villages to working condition for their intended use. These other costs include professional fees and consents, borrowing costs during the build period and head office costs directly related to the construction of the retirement villages. Where costs are apportioned across more than one asset, the apportionment methodology is determined by considering the nature of the cost. The borrowing costs capitalised during the period was $nil (31 March 2022: $nil). The related borrowing costs were solely for the villages under development.

If the fair value of investment properties under development and construction cannot be reliably determined but it is expected the fair value of the property can be reliably determined when construction is complete, then investment properties under construction will be measured as cost less any impairment, until either its fair value can be reliably determined or construction is complete. Impairment is determined by considering the value of work in progress and Management's estimate of the value of the investment properties on completion.

Unsold units

Any developed but not yet sold units (unsold units) are valued based on recent comparable transactions, adjusted for disposal costs, holding costs and an allowance for profit and risk. This represents the fair value of the Group's interest in unsold units at reporting date.

Key accounting estimates and judgements

As the fair value of investment properties is determined using inputs that are significant and unobservable, the Group has categorised investment properties as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 *Fair Value Measurement.*

Valuation uncertainty

As at the 30 September 2022 valuation date,

- The valuers of two investment properties, CBRE have included an uncertainty clause in their valuation that the direct impacts of COVID on the wider property market are diminishing as a result of the Omicron outbreak peaking, high vaccination rates, the re-opening of New Zealand's international borders and an end to New Zealand's COVID-19 Protection Framework from 12 September 2022. The most pressing issues now facing the property market both nationally and globally are the high cost of living with rising inflation, surging oil prices and wider economic fallout from the current geopolitical crisis stemming from events in Ukraine. They note their valuations are based on data and market sentiment as at the date of valuation (being 30 September 2022). Past experience has shown that consumer and investor behaviour can rapidly change during periods of volatility, with the possibility of a softening in values. Given the current economic uncertainty, they have recommended the Group review their valuations periodically.
- The valuer of one investment property, Colliers, have included a clause in their valuation that in light of the prevailing ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events, they recommend their report be kept under frequent review as valuation advice is likely to become outdated significantly quicker than is normally the case. Per the accepted definition, the market value has been concluded "as at the valuation date" (being 30 September 2022) and is based on events and evidence up to that date. It reflects sentiment at that point in time and the value on the day.
- The valuer of one investment property, Jones Lang LaSalle (JLL), have included a clause that their valuation is relevant at the date of preparation (being 20 October 2021, for which the valuer has provided an update confirming the carrying amount does not differ materially from that which would be determined using fair value as at 30 September 2022) and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation. They therefore recommend that before any action is taken involving an acquisition, disposal or other transaction more than 90 days after the date of their valuation, the Group consult JLL.

Refer to note 3.1 of the Group's audited consolidated financial statements for the year ended 31 March 2022 for the valuation uncertainty as at that date.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

Significant unobservable inputs

The significant unobservable input used in the fair value measurement of the Group's development land is the value per square meter assumption. Increases in the value per square meter rate result in the corresponding increases in the total valuation.

The significant unobservable inputs used in the fair value measurement of the Group's portfolio of completed investment properties are the discount rate and the property growth rate.

The stabilised occupancy is a key driver of the valuations. A significant increase/(decrease) in the occupancy period would result in a significant lower/(higher) fair value measurement.

Current ingoing price, for subsequent resales of ORAs, is a key driver of the valuations. A significant increase/(decrease) in the ingoing price (as driven by the property growth rates) would result in a significantly higher/(lower) fair value measurement.

Radius Glaisdale

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

2.2. Property, Plant and Equipment

Accounting policy

Property, plant and equipment is measured at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent costs are added to the carrying amount of an item of plant and equipment when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the profit or loss as an expense as incurred. The costs of the day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land and buildings are measured at revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. At each reporting date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity. To the extent that the increase reverses a decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same asset are recognised in other comprehensive income; all other decreases are recognised in profit or loss.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated using the straight line method over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Category	Useful Life Range
Buildings	50 years
Motor vehicles	5 years
Furniture, fixtures and fittings	5 - 10 years
Information technology	4 years
Medical equipment	7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. No depreciation is charged in the year of sale for all assets other than buildings in which case depreciation is charged to the earlier of the date of classification to be held for sale or the date of sale.

Assets are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset.

Gains and losses on disposals are determined by comparing the net disposal proceeds with the carrying amount of the asset. These are included in the profit or loss.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

$'000	Land and Buildings	Motor vehicles	Furniture, fixtures and fittings	Information technology	Medical equipment	Work in progress	Total
UNAUDITED - SIX MONTHS ENDED 30 SEPTEMBER 2022							
Opening net book value	56,066	293	10,999	2,120	289	4,072	73,839
Additions[1]	52,563	73	2,439	168	79	4,630	59,951
Transfers	2,079	—	(1,299)	—	—	(780)	—
Disposals	—	(6)	(7)	—	—	—	(13)
Depreciation	(620)	(62)	(1,368)	(437)	(51)	—	(2,539)
Closing net book value	**110,087**	**298**	**10,764**	**1,851**	**316**	**7,922**	**131,238**
UNAUDITED - SIX MONTHS ENDED 30 SEPTEMBER 2022							
Cost (Land at valuation)	111,153	1,336	34,526	6,338	861	7,922	162,135
Accumulated Depreciation	(1,066)	(1,038)	(23,762)	(4,487)	(544)	—	(30,897)
Net book value	**110,087**	**298**	**10,764**	**1,851**	**316**	**7,922**	**131,238**

$'000	Land and Buildings	Motor vehicles	Furniture, fixtures and fittings	Information technology	Medical equipment	Work in progress	Total
AUDITED - YEAR ENDED 31 MARCH 2022							
Opening net book value	18,326	361	11,336	1,473	256	1,707	33,459
Additions[1]	37,641	65	3,404	1,115	134	3,122	45,481
Transfers	531	—	(516)	290	—	(757)	(452)
Disposals	—	—	(222)	—	—	—	(222)
Depreciation	(432)	(133)	(3,003)	(758)	(101)	—	(4,427)
Closing net book value	**56,066**	**293**	**10,999**	**2,120**	**289**	**4,072**	**73,839**
AUDITED - YEAR ENDED 31 MARCH 2022							
Cost[2]	56,512	1,277	34,656	6,170	782	4,072	103,469
Accumulated Depreciation	(446)	(984)	(23,657)	(4,050)	(493)	—	(29,630)
Net book value	**56,066**	**293**	**10,999**	**2,120**	**289**	**4,072**	**73,839**

1. On 5 August 2021, the Group acquired four properties previously leased from Ohaupo Holdings Limited for consideration of $31.4m. The purchase was funded from the fully underwritten placement and issue of share capital to Ohaupo Holdings Limited, refer to note 3.1. Subsequently on 1 November 2021, the Group acquired another property, a part of the Clare House business combination, refer to note 5.6 of the Group's audited consolidated financial statements for the year ended 31 March 2022. On 6 May 2022, the Group acquired four properties, previously leased from UCG Investments Limited for consideration of $46.7m. The purchase was funded from bank borrowings, refer to note 3.3. Subsequently on 29 September 2022, the Group acquired another property as part of the Matamata business combination, refer to note 4.4.

2.Refer to next page for commentary on valuations as at 30 September 2022 and 31 March 2022 for land and buildings.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

Valuations

Management assessed that freehold land and buildings had not experienced any significant and volatile changes in fair value necessitating a revaluation as at 30 September 2022 (including the consideration of the impact of the COVID-19 pandemic). This assessment was informed by advice provided by the Group's land and buildings Valuer, LVC Limited (LVC) (who provides valuation services to the Group) who provided a valuation update letter confirming that the carrying amounts of these freehold land and buildings did not differ materially from that which would be determined using fair value as at 31 March 2022 and 30 September 2022.

During the period ending 30 September 2022, a further five properties carried at $52,234k were purchased (four during May 2022 and one during September 2022). The purchase prices paid were also informed by independent external valuation reports from Colliers (four properties purchased during May 2022), and JLL (one property purchased during September 2022).

As at the respective valuation dates:

- Colliers, included a clause that in light of the prevailing ongoing COVID-19 pandemic, current adverse macro and micro economic conditions and adverse global events, they recommend their valuation be kept under frequent review as valuation advice is likely to become outdated significantly quicker than is normally the case. Per the accepted definition, the market value is concluded ""as at the valuation date"" and is based on events and evidence up to that date. It reflects sentiment at that point in time and the value on the day; and
- JLL, have included a clause that their valuation is relevant at the date of preparation (being 20 October 2021, for which the valuer has provided an update confirming the carrying amount does not differ materially from that which would be determined using fair value as at 30 September 2022) and to the circumstances prevailing at that time. However, within a changing economic environment experiencing fluctuations in interest rates, inflation levels, rents and global economic circumstances, acceptable returns on investment may, as a consequence, be susceptible to future variation.

Refer to note 3.2 of the Groups audited financial statements for the year ended 31 March 2022 for the valuation uncertainty as at that date.

Key accounting estimates and judgements

Property measurements are categorised as Level 3 (31 March 2022: Level 3) of the fair value measurement hierarchy as the fair value is determined using inputs that are unobservable.

Significant unobservable inputs

The significant unobservable input used in the fair value measurement of the Group's land and buildings is the capitalisation rate applied to earnings. A significant decrease/(increase) in the capitalisation rate would result in significantly higher/(lower) fair value measurement.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

2.3. Refundable Occupation Right Agreements

Accounting policy

Refundable Occupation Right Agreements (ORAs) confer the right to occupy a retirement unit and are considered leases under NZ IFRS 16 Leases.

A new resident is charged a refundable security deposit, on being issued the right to occupy one of the Group's units, which is refunded to the resident subject to a new ORA for the unit being issued to an incoming resident, net of any amount owing to the Group. The Group has a legal right to set off any amounts owing to the Group by a resident against that resident's security deposit. Such amounts include management fees, rest home and hospital fees, service fees and village fees. As the refundable occupation right is repayable to the resident upon vacating the unit (subject to a new ORA for the unit being issued to an incoming resident), the fair value is equal to the face value, being the amount that can be refunded.

The right of residents to occupy the investment properties of the Group is protected by the Statutory Supervisor restricting the ability of the Group to fully control these assets without undergoing a consultation process with all affected parties.

A resident is charged a village contribution fee in consideration for the right to occupy one of the Group's units:

- for Windsor Lifestyle Estate Limited, to a maximum of 30% of the entry payment;
- for Elloughton Grange Village Limited, to a maximum of 30% of the entry payment;
- for Clare House Village Limited, to a maximum of 30% of the entry payment;
- for Matamata Retirement Village Limited, to a maximum of 25% of the entry payment.

The village contribution is payable by the resident on termination of the ORA. Village contribution is recognised as deferred management fees. The management fee receivable is recognised in accordance with the terms of the resident's ORA.

The deferred management fee represents the difference between the management fees receivable under the ORA and the portion of the management fee accrued which is recognised on a straight-line basis over the longer of the term specified in a resident's ORA or the average expected occupancy for the relevant accommodation i.e., 8 years for villas and 3 to 4 years for serviced apartments and villas (2022: 8 years for villas and 3 years for serviced apartments).

The management fee recognised in the Consolidated Statement of Comprehensive Income represents income earned in line with the average expected occupancy.

As a refundable occupation license payment is repayable to the resident upon termination (subject to a new ORA being issued to an incoming resident), the fair value is equal to the face value, being the amount that can be demanded.

The expected maturity of the refundable obligations to residents is beyond 12 months.

$'000	NOTES	Unaudited 30-Sep-22	Audited 31-Mar-22
REFUNDABLE OCCUPATION RIGHT AGREEMENTS			
Refundable occupation license payments		44,829	34,316
Less: Management fee receivable (per contract)		(6,302)	(5,700)
		38,527	**28,616**
RECONCILIATION OF MANAGEMENT FEES RECOGNISED UNDER NZ IFRS AND PER ORA			
Management fee receivable (per contract)		(6,302)	(5,700)
Deferred management fee	2.1	3,387	1,553
Management fee receivable (per NZ IFRS)		**(2,915)**	**(4,147)**

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

2.4. Leases

Accounting policy

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Right-of-use assets

Right-of-use assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss. Right-of-use assets are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Right-of-use assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. Interest expense on lease liabilities is recognised in profit or loss (as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight line basis over the lease term.

Key accounting estimates and judgements

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise the operational flexibility of contracts. The majority of extension and termination options are exercisable only by the Group and not by the respective lessor. In determining the lease term management considers all facts and circumstances that lead to an economic incentive to exercise an extension option or not exercise a termination option. Extension options or periods after termination options are only included in the lease term if the lease is reasonably certain to be exercised. This assessment is reviewed if a significant event or significant change in circumstances occurs which affects this assessment and that is within the Group's control. All extension options have been assumed for the calculations of the Group's lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The weighted average incremental borrowing rates applied by the Group is 5% (31 March 2022: 5%). No new leases were entered into during the period (31 March 2022: none) and four leases were cancelled as these properties were acquired by the Group during the period (31 March 2022: four leases were cancelled).

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

$'000	Unaudited 30-Sep-22	Audited 31-Mar-22
(A) RIGHT-OF-USE ASSETS		
Land and Buildings under lease	126,763	152,980
Accumulated depreciation	(15,765)	(19,068)
Total carrying amount of right-of-use assets	**110,998**	**133,912**
RECONCILIATIONS		
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year/period:		
Land and Buildings		
Opening carrying amount	133,912	177,170
Depreciation	(2,449)	(6,767)
Remeasurements	6,623	794
Disposals	(27,088)	(37,285)
Closing carrying amount	**110,998**	**133,912**

On 6 May 2022, the Group acquired four properties, previously leased from UCG Investments Limited, refer notes 2.2 and 3.1. On acquisition, the disposal of the related right-of-use assets and lease liabilities resulted in a gain on modification of $1.781k being recognised upon the cancelling lease and derecognition of the related Lease liability and Right of Use asset, (31 March 2022: a gain on modification of $1.403k relating to aquistion of four properties previously leased from Ohaupo Holding Limited that were purchased on 5 August 2021, refer notes 2.2 and 3.1).

(B) LEASE LIABILITIES		
Current		
Land and Buildings	2,427	4,023
Non-current		
Land and Buildings	116,593	138,520
	119,020	**142,543**

$'000	Unaudited six months 30-Sep-22	Unaudited six months 30-Sep-21
(C) LEASE EXPENSES AND CASH FLOWS		
Interest expense on lease liabilities	3,046	4,169
Depreciation expense on right-of-use assets	2,449	3,546
Cash outflow in relation to leases	4,290	6,118
Gain on acquisition of leased property assets	1,781	1,403

$'000	Unaudited 30-Sep-22	Audited 31-Mar-22
(D) MATURITY ANALYSIS - CONTRACTUAL UNDISCOUNTED CASH FLOWS		
- Not later than 1 year	8,252	10,872
- Later than 1 year and not later than 5 years	33,140	43,620
- Later than 5 years	185,484	203,395
	226,876	**257,887**

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

3. SHAREHOLDER EQUITY AND FUNDING

3.1. Shareholder Equity and Reserves

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

The grant date fair value of equity settled share-based payment arrangements granted to employees is recognised as an expense, with a corresponding increase in equity.

	NOTES	Unaudited 30-Sep-22		Audited 31-Mar-22	
		Shares	$'000	Shares	$'000
SHARE CAPITAL					
Authorised, issued and fully paid up capital		284,571,108	56,732	269,243,089	51,732
Total contributed equity		**284,571,108**	**56,732**	**269,243,089**	**51,732**
MOVEMENTS					
Opening balance of ordinary shares issued		269,243,089	51,732	176,495,000	5,932
Shares issued to Main Family Trust	4.4	15,328,019	5,000	—	—
Fully underwritten placement		—	—	57,692,307	30,000
Shares issued to Ohaupo Holdings Limited		—	—	19,230,768	10,000
Retail offer		—	—	15,825,014	8,229
Share issuance costs		—	—	—	(2,429)
Closing balance of ordinary shares issued		**284,571,108**	**56,732**	**269,243,089**	**51,732**

All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. The shares have no par value. The Group has not incurred any additional transaction costs in issuing shares during the period. (31 March 2022: $2.4m of transaction costs were incurred when issuing shares).

Shares issued to Main Family Trust

On 28 September 2022, allotment of 15,328,019 ordinary shares at $0.33 per to the trustees of the Main Family Trust No. 2 as part consideration for the purchase price payable for the acquisition of Matamata Country Lodge business combination as described in note 4.4.

The share issue was authorised in accordance with the Directors' resolution dated 30 August 2022.

Ohaupo Holdings Limited

On 5 August 2021, allotment of 19,230,768 ordinary shares at $0.52 to Ohaupo Holdings Limited's nominees as part consideration for the purchase price payable for the acquisition of land and buildings from Ohaupo Holdings Limited as described in note 2.2.

The share issue was authorised in accordance with the Shareholders' resolution dated 23 July 2021.

Fully underwritten placement

No shares were issued under placement during the period to 30 September 2022.

On 27 July 2021 and 3 August 2021, 34,062,037 and 23,630,270 ordinary shares were issued under a placement, at a final price of $0.52 per share (being $0.02 above the underwritten floor price of $0.50).

The share issue was authorised in accordance with the Shareholders' resolution dated 23 July 2021.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

Retail offer

On 13 August 2021, allotment of 15,825,014 ordinary shares at $0.52 under a retail offer.

The share issue was authorised in accordance with the Shareholders' resolution dated 23 July 2021.

Dividends

Dividend distributions to shareholders are recognised as a liability in the period in which dividends are declared. On 30 May 2022 a gross dividend of 0.76 cents per share (fully imputed) was declared and was paid on 22 June 2022. On 25 November 2022 a gross dividend of 0.70 cents per share (fully imputed) was declared and will be paid on 13 January 2023. (2022: On 29 November 2021 a gross dividend of 0.70 cents per share (fully imputed) was declared and was paid on 23 December 2021.)

Asset Revaluation Reserve

The asset revaluation reserve is used to record the revaluation of freehold land and buildings.

Other reserve

Other reserve is used to record the reserves arising in relation to share based payments by the Group (refer note 4.3).

3.2. Earnings per share

Basic and diluted

Basic earnings per share is calculated by dividing the profit after tax of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 30 September 2022, there were no shares with a dilutive effect (2022: none) and therefore basic and diluted earnings per share were the same.

	Unaudited Six Months 30-Sep-22	Unaudited Six Months 30-Sep-21
Profit after tax ('000)	1,724	1,334
Weighted average number of ordinary shares outstanding ('000s)	269,411	207,025
Cents per share	**0.64**	**0.64**

Radius Matamata Country Lodge

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

3.3. Borrowings

Accounting policy

Borrowings are initially recognised at fair value, including transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the repayment amount is recognised in the Consolidated Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

Specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use. Other borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred. The borrowing costs capitalised during the period was $nil (31 March 2022: $nil).

	NOTES	Unaudited 30-Sep-22	Audited 31-Mar-22
SECURED LIABILITIES			
Current			
Bank Loans		23,000	—
Vendor Loan	4.2	11,518	—
Non-current			
Bank Loans		61,020	30,000
		95,538	**30,000**

Terms and conditions and assets pledged as security

	Current $'000	Non-current $'000	Facility Limit $'000	Effective Interest rate %	Expiry date
UNAUDITED AS AT 30 SEPTEMBER 2022					
Committed Money Market - A	—	20,000	20,000	4.63%	1 November 2026
Committed Money Market - B[1]	15,000	—	15,000	4.27%	6 April 2023
Committed Money Market - B	—	2,845	5,000	4.27%	1 November 2026
Committed Money Market - C	—	14,500	20,000	3.98%	1 November 2026
Committed Money Market - D	—	23,675	23,680	5.68%	6 May 2027
Committed Money Market - E[1]	8,000	—	8,000	5.68%	6 April 2023
Vendor Loan	11,518	—	11,518	8%	28 March 2023
	34,518	**61,020**	**103,198**		

1. Subsequent to reporting date, on 6 October 2022, the expiry date was extended by a further six month period to 6 April 2023. On the same date, the E facility's expiry date was also extended by a further six month period to 6 April 2023.

	Current $'000	Non-current $'000	Facility Limit $'000	Effective Interest rate %	Expiry date
AUDITED AS AT 31 MARCH 2022					
Committed Money Market - A	—	15,500	20,000	3.30%	1 November 2026
Committed Money Market - B	—	14,500	20,000	2.80%	1 November 2026
Committed Money Market - C	—	—	20,000		1 November 2026
	—	**30,000**	**60,000**		

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

Vendor Loan

The vendor loan is deferred consideration payable to the Main Family Trust as a result of the Matamata business acquisition (refer note 4.4). The amount represents a payable of $11,518k bearing interest at 8% per annum. The maturity date is 31 March 2023.

Security

The bank loans of the Group are guaranteed by certain Group entities and secured by mortgages over the Group's care centre freehold land and buildings and rank second behind the Statutory Supervisors when the land and buildings are classified as investment property and investment property under development.

As at 30 September 2022 the balance of the bank loans over which the properties are held as security is $84,020k (31 March 2022: $30,000k).

Other

The Group has a Corporate Banking Overdraft Facility Agreement with ASB Bank Limited for $2,000k (31 March 2022: $2,000k) that has an expiry date on 31 March 2049. This facility bears interest at an effective interest rate of 6.24% (31 March 2022: 4.24%) and is secured over the assets of the Group and guaranteed by certain Group entities. At reporting date this overdraft facility was not drawn (31 March 2022: $nil).

Financing arrangements

Under the Group's bank loan arrangements with ASB Bank Limited, the Group must comply with externally imposed banking covenants. These covenants are tested and reported to the ASB each quarter. During the six months ended 30 September 2022, the Group complied with all externally imposed banking covenant requirements to which it is subject (31 March 2022: complied with all). The Group has agreed with its banks that the calculation of Adjusted EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and Net Interest, for the purposes of the financial covenants, shall continue to be based on the accounting treatment in use before the introduction and adoption of NZ IFRS 16 Leases.

On 29 October 2021 the Group entered into a new $62 million 5 year senior facility agreement with its banking partner ASB. The agreement is structured to provide:

- a $20 million facility to fund existing developments and for general corporate purposes;
- a $20 million development finance facility to support new and existing developments; and
- a $20 million acquisition funding facility to support new acquisitions.

On 29 March 2022 the Group extended the facility by $31.6 million, 5 year senior facility agreement with its banking partner ASB. The agreement is structured to provide:

- a $23.675 million acquisition funding facility to support new acquisitions; and
- an $8 million acquisition bridging funding facility to support new acquisitions.

Subsequent to reporting date, on 6 October 2022, a six month extension was granted by ASB relating to $23m of finance facilities (being the current portions of the Committed Money Market B and E facilities above) that were originally put in place to enable settlement of the four previously leased land and buildings property assets from UCG Investments Limited (refer to note 2.2 and 2.4). These finance facilities now need to be repaid on or before 6 April 2023.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

4. OTHER DISCLOSURE

4.1. Income Tax

Accounting policy

Current income tax expense or credit is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Key accounting estimates and judgements

Deferred tax on Investment Property

Deferred tax on investment property is assessed on the basis that the asset value will be realised through use ("Held for Use").

An initial recognition exemption has been applied to newly developed village sites in accordance with NZ IAS 12 Income Taxes.

The Group's Refundable ORAs comprise two distinct cash flows (being an ORA deposit upon entering the unit and the refund of this deposit upon exit). In determining the tax base of investment property, the Group considered whether taxable cash flows are received at the end of the ORA period (i.e., upon refund of the ORA deposit by way of set off on exit by a resident) or at the beginning of the ORA period (i.e., at time of the receipt of the ORA deposit). The Group has carefully evaluated all the available information and considers it appropriate to recognise and measure the tax base and associated deferred tax based on the taxable cash flows being receivable at the end of the ORA period as this best represents the Group's contractual entitlement.

In calculating deferred tax under the Held for Use methodology, the Group has made significant judgements to determine taxable temporary differences. The carrying value of the Group's investment property is determined on a discounted cash flow basis and includes cash flows that are both taxable and non-taxable in the future. The Group has recognised deferred tax on the cash flows with a future tax consequence being DMF as provided by the valuers, to the extent that it arises from depreciable components (i.e., buildings) of the investment property. The Group uses the valuers' valuations to estimate the apportionment of cash flows arising from the depreciable (i.e., buildings) and non-depreciable components (i.e., land).

Radius St Helenas

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

$'000	Unaudited Six Months 30-Sep-22	Unaudited Six Months 30-Sep-21
(A) COMPONENTS OF TAX EXPENSE		
Current tax	113	329
Deferred tax	351	(1)
	464	**328**
(B) INCOME TAX RECONCILIATION		
The prima facie tax payable on profit before tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before tax at 28.0%	613	465
Permanent differences	(217)	180
Over provision for income tax in prior year	3	–
Other	65	(317)
Income tax expense attributable to profit	**464**	**328**

$'000	Unaudited 30-Sep-22	Audited 31-Mar-22
(C) DEFERRED TAX		
Deferred tax relates to the following:		
Non-current asset		
Deferred tax assets		
The balance comprises:		
Lease liabilities	33,326	39,912
Provisions	2,170	2,444
Deferred management fee income	1,333	1,025
	36,829	**43,381**
Deferred tax liabilities		
The balance comprises:		
Property, plant and equipment	2,316	2,000
Right-of-use assets	31,079	37,496
	33,395	**39,496**
Net deferred tax assets	**3,434**	**3,885**

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

$'000	Unaudited Six Months 30-Sep-22	Unaudited Six Months 30-Sep-21
(D) DEFERRED INCOME TAX REVENUE COMPRISES:		
Through profit / (loss) included in income tax expense		
Decrease/ (Increase) in deferred tax assets	6,552	11,240
Decrease in deferred tax liabilities	(6,101)	(11,241)
Increase in deferred tax liabilities as a result of acquistion	(100)	—
	351	**(1)**
Through other comprehensive income		
Increase in deferred tax liabilities	—	—
Through other comprehensive income included in revaluation of property, plant and equipment	—	—
Decrease / (Increase) in deferred tax liabilities	**351**	**(1)**

Deferred tax assets are recognised for deductible temporary differences as Management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

$'000	Unaudited 30-Sep-22	Audited 31-Mar-22
(E) IMPUTATION CREDITS AVAILABLE FOR USE IN SUBSEQUENT PERIODS		
Balance at the beginning of the year / period	6,735	5,549
Dividends paid	(576)	(963)
New Zealand tax payments, net of refunds	612	2149
Other debits	—	—
Balance at the end of the year / period	**6,771**	**6,735**

Radius Fulton

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

4.2. Related Party Transactions

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All intercompany transactions and balances are eliminated. The subsidiaries are consolidated from the date the Group gains control until the date on which control ceases.

Subsidiaries

The following are the Group's subsidiaries

		Ownership interests and voting rights		
Name of Entity	**Principal Activities**	**Unaudited 30-Sep-22**	**Audited 31-Mar-22**	**Class of Shares**
Radius Arran Court Limited	Lessee entity for Radius Arran Court facility	100%	100%	Ordinary
Windsor Lifestyle Estate Limited	Operating entity for Windsor retirement village	100%	100%	Ordinary
Radius Care Limited (non-trading)	Dormant	100%	100%	Ordinary
Elloughton Grange Village Limited	Operating entity for Elloughton retirement village	100%	100%	Ordinary
Radius Care Holdings Limited	Property owning entity for St Helenas, Thornleigh Park, Lexham Park, Elloughton Gardens, Heatherlea, Windsor Court, Taupaki Gables, Peppertree, Arran Court, St Joans and Fulton facilities	100%	100%	Ordinary
Clare House Retirement Village Limited	Operating entity for Clare House Retirement Village and property owning entity for the Clare House Care facility	100%	100%	Ordinary
Clare House Care Limited	Operating entity for Clare House Care	100%	100%	Ordinary
Matamata Retirement Village Limited	Operating entity for Matamata retirement village	100%	Nil	Ordinary
Radius SPV Limited	Property owning entity for Matamata Country Lodge and Matamata Retirement Village.	100%	Nil	Ordinary

All subsidiaries are incorporated in New Zealand and have a balance date of 31 March.

Matamata Retirement Village Limited and Radius SPV Limited were incorporated by the Group during the period.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

Key Management Personnel Compensation and Other Related Parties

Key management personnel are all executives with the authority for the strategic direction and management of the Group.

Related Party	Relationship
Brien Cree	Director and Ultimate Shareholder (via Wave Rider Holdings Limited)
Duncan Cook	Director and Shareholder
Bret Jackson	Director and Ultimate Shareholder (via Takatimu Investments Limited)
Timothy Sumner	Director (until 25 February 2022) and Shareholder
Mary Gardiner	Director
Hamish Stevens	Director and Shareholder
Wave Rider Holdings Limited	Shareholder
Takatimu Investments Limited	Shareholder
Cibus Catering Limited	Common Director (Brien Cree)
Valhalla Capital Limited	Common Director (Brien Cree)
Tom Wilson	Shareholder
Time Capital NZ Limited	Director (Tom Wilson)
Ohaupo Holdings Limited	Common Shareholder - (Neil Foster)
Neil Foster	Shareholder
Warehouse Storage Limited	Common Shareholder - (Neil Foster)
Main Family Trust	Shareholder

$'000	Unaudited Six Months 30-Sep-22	Unaudited Six Months 30-Sep-21
Directors' remuneration and expenses	208	251
Dividends to director related entities	559	806
Key Management personnel salaries and other short term employee benefits	1,232	1,209
Key Management personnel dividends	6	5
	2,005	**2,271**

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

Other related parties

$'000	NOTES	Unaudited 30-Sep-22	Audited 31-Mar-22
Trade creditors			
- Cibus Catering Limited		586	54
		586	**54**
Trade debtors			
- Cibus Catering Limited		10	14
		10	**14**
Borrowings			
- Main Family Trust	3.3	**11,518**	**—**

Related party receivables and payables are unsecured, non-interest bearing and repayable within 30 days of invoice date. Terms and conditions of the related party borrowings are described in note 3.3.

$'000		Unaudited Six Months 30-Sep-22	Unaudited Six Months 30-Sep-21
Catering services			
- Cibus Catering Limited		3,418	2,763
Consulting fees			
- Time Capital NZ Limited		51	50
- Tim Sumner		—	27
- Duncan Cook		395	150
Personal Guarantee fees			
- Brien Cree		83	85
Rent Paid			
- Warehouse Storage Limited		395	—
- Ohaupo Holdings Limited		—	770
Purchase of property, plant and equipment			
- Ohaupo Holdings Limited		—	31,400
- Additional fees paid to directors associated with issue of shares		—	60
Business acquisition			
- Main Family Trust	4.4	17,018	—

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

Assignment of an agreement for the purchase of land from a Director

Brien Cree (Director) and the Group are party to an agreement ("the Assignment Agreement"), whereby Brien Cree has agreed to assign to the Group his rights under an agreement for sale and purchase of real estate ("Land SPA"), to acquire a circa 4.3 hectare development property at Main North Road, Belfast, Christchurch ('the development property') from an unrelated third party.

The purchase price under the Land SPA is $5.8m, of which a non-refundable deposit of $300k had already been paid by Brien Cree during the 2021 financial year. On the date of settlement, being 16 April 2021, the Group paid the remaining consideration of $400k, net of the non-refundable deposit paid during the 2021 financial year, to Brien Cree, consistent with the Assignment Agreement. To date the Group has incurred $3,191k of development costs in regards to this project .

A condition of the Assignment Agreement was approval of the transaction by the Board of the Group by 2 April 2021. On 2 April 2021 the Board (excluding Brien Cree as an interested director) exercised its right to approve the Assignment Agreement and the Group now holds the rights to acquire the development property.

The Board approved the Assignment Agreement on 2 April 2021 on the basis the Group had obtained:

- resource consent and funding for the development of an integrated aged care facility and retirement village on the property; and
- an independent valuation had confirmed that the property's fair value after resource consent exceeded the purchase price of the property (including the additional $400k consideration payable to Brien Cree).

The balance of the purchase price under the land sale and purchase agreement amounting to $5.5m is payable to the third party vendor on settlement, which will be completed when the title of the property is issued. It is currently expected that title will be issued in late 2023.

4.3. Long Term Incentive (LTI) Plan

On 18 July 2022 the Board approved a new Long Term Incentive Scheme for its senior executives ("LTI Scheme").

The LTI Scheme has been established to:

- provide an incentive to key executives to commit to Radius for the long term; and
- align these executives' interests with the interests of Radius' shareholders.

Participants in the Scheme will be granted Performance Share Rights ("PSRs") from time to time which will, on vesting, convert into an entitlement to receive ordinary shares. Vesting will depend on achievement of certain conditions relating to Radius share price.

PSRs become exercisable if the holder remains employed on the vesting date and conditions are met over the period from the commencement date to the measurement date, and in certain other exceptional circumstances.

On becoming exercisable, each PSR will entitle the holder to receive one fully paid ordinary share in Radius Care Limited, less an adjustment for tax paid on the holder's behalf for the benefit received under the Scheme.

The Share Rights have a nil exercise price.

Performance Hurdles

All PSRs will vest into ordinary shares in Radius if the 10-day volume weighted average price ("VWAP"), for the 10 trading days immediately prior to (and not including) 18 July 2025, is equal to or greater than $1.081. This is three times the 10-day VWAP of 18 July 2022 ("Base Price").

If the 10-day VWAP is between $1.027 and $1.081 (being 95% and 100% of three times the Base Price), the Radius Board has discretion to scale the number of a Participant's PSRs that will vest.

Recognition and Measurement

- On 18 July 2022, 4,164,844 share rights were issued for nil consideration and a nil exercise price in relation to the LTI Scheme.
- On 15 August 2022, 1,109,824 share rights were issued for nil consideration and a nil exercise price in relation to the LTI Scheme.

There were no share rights that were forfeited, exercised or expired during the period. The fair value of the share rights were determined using the Monte Carlo valuation approach.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

4.4. Matamata Acquisition

a) Summary of acquisition

On 29 September 2022 the Company acquired 100% of the assets and liabilities of Matamata Country Lodge Limited and Matamata Retirement Village Limited, provider of rest home and hospital care for the elderly and a retirement village.

Since the acquisition was one day before reporting date, the initial accounting for the business combination is yet to be finalised and the amounts reported are provisional. The following are the provisional details of the purchase consideration, the net assets acquired and gain on business acquisition:

$'000	30-Sep-22 Fair Values
Purchase consideration (refer to (b) below):	
Cash Paid	500
Deferred consideration - vendor loan	11,518
Ordinary share capital 15,328,019 share at 32.62 cents per share	5,000
Total	**17,018**
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property, plant and equipment	6,926
Investment properties	23,311
Deferred tax asset / (liability)	(100)
Provisions	(82)
Refundable Occupation Rights Agreements	(10,337)
Deferred management fee	(1,773)
Total	**17,945**
Gain on business acquisition	**(927)**

There were no acquisitions in the six months ended 30 September 2021.

Revenue and profit contribution

The acquired business contributed revenues of $30k and profit before tax of $0k to the group for the period from 29 September 2022 to 30 September 2022.

If the acquisition had occurred on 1 April 2022, consolidated pro-forma revenue and profit before tax for the six months ended 30 September 2022 would have been $3.6m and $0.27m respectively. These amounts have been calculated using the subsidiaries' results and adjusting them for:

- differences in the accounting policies between the group and the subsidiaries, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 April 2022, together with the consequential tax effects.

b) Purchase consideration – cash outflow

$'000	Six Months 30-Sep-22 Fair Values
Outflow of cash to acquire subsidiaries:	
Cash	500
Net outflow of cash – investing activities	**500**

The business combination resulted in a gain on business acquisition as the fair value of assets acquired and liabilities assumed exceeded the total of the fair value of consideration paid.

Notes to the Consolidated Interim Financial Statements

For the six months ended 30 September 2022

4.5. Contingent Liabilities

There has been no change to contingent liabilities disclosed in the 2022 annual financial statements.

4.6. Commitments

As at 30 September 2022 there were Capital Commitments of $2,029k relating to construction contracts (31 March 2022: $4m relating to construction contacts).

There are no significant unrecognised contractual obligations entered into for future repairs and maintenance at reporting date.

4.7. Events subsequent to reporting date

Interim Dividend

See note 3.1.

Extension of banking arrangements

On 6 October 2022, a six month extension was granted by ASB relating to $23m of bridging finance facilities (refer note 3.3) that were originally put in place to enable settlement of the land and building acquisitions from UCG Investments Limited (refer to note 2.2). These finance facilities now need to be repaid on or before 6 April 2023.

Other

There has been no other matter or circumstance which has arisen since 30 September 2022 that has significantly affected or may significantly affect:

a. the operations, in financial years subsequent to 30 September 2022, of the Group or

b. the results of those operations or

c. the state of affairs, in financial years subsequent to 30 September 2022, of the Group.

Level 9, 45 Queen Street, Auckland 1010
PO Box 3899, Auckland 1140
New Zealand

T: +64 9 309 0463
F: +64 9 309 4544
E: auckland@bakertillysr.nz
W: www.bakertillysr.nz

bakertilly
STAPLES RODWAY

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders of Radius Residential Care Limited

Report on the review of the condensed consolidated interim financial statements

Conclusion

We have reviewed the condensed consolidated interim financial statements of Radius Residential Care Limited and its subsidiaries (together "the Group") on pages 3 to 31, which comprise the condensed consolidated interim statement of financial position at 30 September 2022, the condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the period then ended, and the notes to the condensed consolidated interim financial statements that include a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that these condensed consolidated interim financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 30 September 2022, and of its financial performance and its cash flows for the six-months ended on that date, in accordance with in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* ('NZ IAS 34') and International Accounting Standard 34: *Interim Financial Reporting* ('IAS 34').

This report is made solely to the Shareholders of Radius Residential Care Limited. Our review work has been undertaken so that we might state those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Radius Residential Care Limited and the Shareholders of Radius Residential Care Limited, for our review procedures, for this report, or for the conclusions we have formed.

Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity.* As the auditor of the Group, NZ SRE 2410 (Revised) requires that we comply with the ethical requirements relevant to the audit of the annual financial statements and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements.

Other than in our capacity as auditor and provider of other assurance services, our firm carries out other assignments for the Group in the area of taxation compliance services. The firm has no other interest in the Group. The provision of these services has not impaired our independence as auditors of the Group.

Emphasis of Matter – Valuation of Investment Properties and Freehold Land and Buildings

We draw attention to Note 2.1 and 2.2 of the condensed consolidated interim financial statements, which describes the Group's independent external property valuers have included a valuation uncertainty clause in their reports as a result of the ongoing COVID-19 pandemic, unfavourable macro and micro economic conditions and adverse global events as at valuation date. These included rapidly rising interest rates and inflation, skill shortages and the flow on effects from the conflict between Ukraine and Russia which is having a significant impact on energy and financial markets across the globe. Therefore, less certainty and a higher degree of caution, should be attached to the point estimate valuation. This represents an increase in the significant estimation uncertainty in the valuation of investment properties and freehold land and buildings. Our conclusion is not modified in respect of this matter.

Directors' Responsibilities

The Directors are responsible, on behalf of the Group, for the preparation of these condensed consolidated interim financial statements in accordance with generally accepted accounting practice in New Zealand that give a fair presentation of the matters to which they relate, and for such internal control as the Directors determine is necessary to enable the preparation of condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express a conclusion on the condensed consolidated interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34 and IAS 34.

A review of condensed consolidated interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on the condensed consolidated interim financial statements.

Matters Relating to the Electronic Presentation of the Condensed Consolidated Interim Financial Statements

This review report relates to the condensed consolidated interim financial statements of the Group for the six-month period ended 30 September 2022 included on the Group's website. The Directors of the Group are responsible for the maintenance and integrity of the Group's website. We have not been engaged to report on the integrity of the Group's website. We accept no responsibility for any changes that may have occurred to the condensed consolidated interim financial statements since they were initially presented on the website.

The review report refers only to the condensed consolidated interim financial statements named above. It does not provide a conclusion on any other information which may have been hyper linked to / from these condensed consolidated interim financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication, they should refer to the published hard copy of the review condensed consolidated interim financial statements and related auditor's review report dated 25 November 2022 to confirm the information included in the reviewed condensed consolidated interim financial statements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of condensed consolidated interim financial statements may differ from legislation in other jurisdictions.

The engagement partner on the review resulting in this independent auditor's review report S Patel.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

25 November 2022

Caring is our calling

Radius Residential Care

ADDRESS
Level 4, 56 Parnell Road, Parnell, Auckland

PHONE
+64 9 304 1670

EMAIL
investor@radiuscare.co.nz