

RADIUS RESIDENTIAL
CARE LIMITED

NZX LISTING PROFILE

10 December 2020

Prepared in connection with the
initial quotation of ordinary shares
in Radius Residential Care Limited
on the NZX Main Board

Prepared pursuant to Listing Rule 7.3.1(b)

radius care 
Caring is our calling



1.

Key information summary



What is this?

This profile document (“**Profile**”) has been prepared in accordance with the NZX Listing Rules in conjunction with the initial quotation of ordinary shares (“**Shares**”) in Radius Residential Care Limited (“**Radius Care**”) on the NZX Main Board.

Shares give you a stake in the ownership of Radius Care. You may receive a return if dividends are paid or Radius Care increases in value and you are able to sell your Shares at a higher price than you paid for them.

If Radius Care 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 Radius Care

Radius Care operates 22 aged care facilities across New Zealand, comprising of more than 1,700 Care Beds. It owns three of these facilities and leases 19. In addition, Radius Care owns and operates two retirement villages comprising 76 Units.

Radius Care’s aged care offering is focused on the high acuity and specialist care segment of the market (being hospital, dementia, psychogeriatric, physical and intellectual care). In addition, Radius Care also provides some low acuity rest home level care.

The high acuity and specialist care segment has the strongest expected demand growth, the highest per Care Bed EBITDA margins across the industry, as well as strong barriers to entry.

For more information, see Section 2 (*Radius Care and what it does*).

Listing statistics and key dates

Total number of Shares on issue at Listing	176,495,000 Shares
Financial year end	31 March
Expected Listing and Quotation date	10 December 2020 under NZX code “RAD”
Expected payment of first dividend	February 2021

How you can get your money out

Radius Care intends to quote its Shares on the NZX Main Board. This means you may be able to sell them on the NZX Main Board if there are interested buyers. You may get less than you invested. The price will depend on the demand for the Shares.

Key drivers of returns

Drivers of financial performance

The key revenue drivers for the aged care business are:

- Occupancy levels;
- The level of care provided (which determines daily care fees received by Radius Care); and
- The level of accommodation supplements.

The majority of Radius Care’s aged care business revenue is funded by the Government. However, it continues to increase the proportion of non-Government funding particularly through the increasing resident adoption of privately funded accommodation supplements.

The key revenue drivers for the retirement village business are:

- The contractual terms of each Occupation Right Agreement (“ORA”). ORAs confer upon residents a right to occupy a Unit on the terms set out in that agreement and determine (amongst other things) the Deferred Management Fees (“DMF”) that will be received by Radius Care;
- Weekly service fees paid by residents; and
- Residential property prices (which drive DMF over time and determine Unit resale gains).

The revenues of Radius Care’s retirement village business are privately funded by residents.

The success of Radius Care’s growth strategy will be driven by its ability to acquire facilities and undertake development.

Key strategies and plans

Radius Care’s strategy for the aged care business is to:

- Maximise occupancy through a strong reputation for clinical care excellence;
- Enhance returns through optimal Care Bed mix;
- Ensure cost efficiency and stability; and
- Grow the Radius Care Online Shop which acts as an important lead generator for the aged care business (but forms part of Group support for segmental reporting purposes).

Radius Care’s strategy for the retirement village business is to:

- Optimise DMF contracts; and
- Increase resale margins.

Radius Care’s growth strategy focuses on:

- Purchasing the land and buildings of strategically important facilities it currently operates;
- Brownfield Development;
- Greenfield Development; and
- Opportunistic value accretive acquisitions.

Key risks affecting this investment

Investments in Shares are risky. You should consider if the degree of uncertainty about Radius Care's future performance and returns is suitable for you. The price of Shares should reflect the potential returns and the particular risks of Shares. Radius Care considers that the most significant risk factors that could affect the value of the Shares are:

- Large scale infectious outbreak:** A large scale infectious outbreak, such as COVID-19 or influenza, may significantly impact the health and safety of Radius Care's residents and staff and may result in a reduction in occupancy levels at Radius Care's facilities, a reduction in staff availability and reputational damage to Radius Care's business, all of which may have a material adverse effect on Radius Care's financial performance.
- Regulatory risk:** Radius Care operates in a highly regulated industry. Radius Care's financial performance could be adversely affected if Radius Care lost any certification as an aged care provider or registration as a retirement village operator due to, for example, non-compliance with regulatory requirements. Radius Care's financial performance could also be adversely affected if there was a change in, or loss of, Government funding.
- Labour availability and costs:** Radius Care's operations rely on its ability to continue to attract and retain suitably skilled and experienced employees. Lack of availability of such staff or any substantial increase in staff costs that Radius Care is not otherwise able to recover through Government funding or otherwise pass onto residents may adversely affect Radius Care's financial performance and its ability to deliver on its plans to expand or develop new facilities.
- Construction and property development risk:** Radius Care's growth strategy is proposed to involve the construction and development of new and existing integrated aged care facilities and retirement villages. Any significant increase in construction costs or delay in completion and sell down of a development project could have a material adverse effect on Radius Care's ability to meet its growth targets and its financial performance – as well as impacting its financial position. Similarly, poor site selection may reduce the attractiveness of a site to potential residents which could also adversely impact Radius Care's financial performance.
- Property market risk:** Radius Care's growth strategy is proposed to involve the construction and acquisition of integrated aged care facilities and retirement villages. A downturn in the national or regional property market could impact the demand for, and Radius Care's ability to sell or re-sell, Units and, to a lesser extent, Care Suites, as well as the value that can be achieved on the sale or resale of a Unit or Care Suite and the timeframe to complete such sales. Whilst Radius Care currently has a small retirement village portfolio and no Care Suites, once Radius Care's retirement village and Care Suite portfolio increases in size with the execution of its growth strategy, a sustained downturn in the national or regional property market could have a material adverse effect on Radius Care's financial performance.

This summary does not cover all of the risks of investing in Shares. You should also read Section 5 (*Risks to Radius Care's business and plans*).

Where you can find Radius Care's financial information

The financial position and performance of Radius Care is essential to an assessment of this investment. You should also read Section 4 (*Radius Care's financial information*).

Capitalisation Table

Number of Shares on issue at Listing	176,495,000
Listing Price	\$0.80 per Share
Implied market capitalisation	\$141.2 million
Net interest bearing bank debt as at 30 November 2020 ¹	\$24.8 million
Implied enterprise value (excluding lease liabilities under NZ IFRS 16)	\$166 million
Lease liabilities under NZ IFRS 16 as at 30 November 2020	\$185.1 million
Implied enterprise value (including lease liabilities under NZ IFRS 16)	\$351.1 million

¹ Comprises unaudited net interest bearing bank debt as at 30 November 2020 of \$30.0 million and cash and cash equivalents of \$5.2 million.

Implied Listing Multiples and Dividend Information

	LTM ²	FY2021 Guidance	
		Low	High
Implied EV (including lease liabilities under NZ IFRS 16) / Pro forma Underlying EBITDA	16.5x	15.2x	14.7x
Implied EV / Pre-NZ IFRS 16 Pro forma Underlying EBITDA	20.3x	16.3x	15.1x
AFFO ³ per Share – cents	1.78	1.67	1.99
Dividend per Share – cents (at 50% of AFFO for FY2021)		0.83	1.00
Implied dividend yield – cash dividend declared		1.04%	1.25%
Implied dividend yield – gross dividend declared ⁴		1.44%	1.73%

As outlined in further detail in Section 3 (*Key Features of Radius Care Shares*), Radius Care's dividend policy is to target a payout ratio of 50% to 70% of full financial year AFFO with an interim dividend to be paid in December and a final dividend to be paid in June of each year, with each dividend targeted to comprise of approximately half of the expected full year dividend.

Given the timing of Radius Care's listing in mid-December 2020, the Board's current intention is to pay an interim dividend in respect of 1HY2021 in February 2021. As such, Radius Care intends to pay three dividends across the 2021 calendar year, expected to comprise of:

- A February 2021 dividend and a June 2021 dividend in relation to FY2021, equal to 50% of AFFO (outlined in the Implied Listing Multiples and Dividend Information table above); and separately
- A December 2021 dividend in relation to 1HY2022, in line with its dividend policy (of 50% to 70% of AFFO).

The above metrics should also be read in conjunction with the assumptions and risks in Section 4 (Radius Care's financial information) and Section 5 (Risks to Radius Care's business and plans).

² LTM reflects the twelve months ended 30 September 2020, calculated as the corresponding FY2020 metric plus the corresponding 1HY2021 metric less the corresponding 1HY2020 metric.

³ For further information on AFFO, including how it is calculated, please refer to page 75 in Section 4 (*Radius Care's financial information*).

⁴ Gross of attaching imputation credits on a fully imputed basis but excluding RWT (Resident Withholding Tax).



Elloughton Grange, Timaru

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Letter from the Chairman



Brien Cree
Executive Chairman

The listing of Radius Care on the NZX Main Board represents a major milestone for the business. It gives me great pleasure that once listed, the wider investment community will have the opportunity to invest in Radius Care, and therein the ability to participate in Radius Care's next phase of growth – alongside myself and Knox Investment Partners.

My involvement in the aged care and retirement village industry was motivated by my own personal experience. My mother required hospital level care for several years following a major stroke. The feeling I had after visiting her and her not wanting me to leave, led me to believe that the focus should be on ensuring people felt comfortable knowing their loved ones were in a safe place, receiving high quality care with a good quality of life.

From a single, 54 bed aged care facility purchased in 2003, we have grown Radius Care into a nationwide operator with 22 aged care facilities and two retirement villages caring for over 1,700 residents. Whilst Radius Care has historically focused on operating but not owning aged care facilities, it has begun to strategically pivot towards increased facility ownership where this provides greater control to undertake strategic growth initiatives. Today Radius Care owns three of the aged care facilities and both retirement villages that it operates, whilst leasing 19 aged care facilities.

Radius Care provides a full range of accommodation and care options from retirement village to rest home care and right through to high acuity and specialist care (being hospital, dementia, psychogeriatric, physical and intellectual care). Whilst we provide a broad offering allowing residents the confidence that they can “age in place” as their care needs change, our key focus is on providing high acuity and specialist care to the community. This focus is a key differentiator of our offering relative in particular to other NZX listed aged care and retirement village operators. We note that the high acuity and specialist care segments of the aged care market:

- are expected to experience the greatest increase in Care Bed demand as the population ages and dependency levels increase;
- generate the highest margins per Care Bed across the industry; and
- have strong barriers to entry, given the regulatory and operational requirements.

We note that our business generates strong cashflow underpinned by Government funding, with increasing diversification through privately funded revenue streams. In particular, Radius Care and the wider industry continue to experience increasing resident adoption of private accommodation supplements.

We see a listing on the NZX Main Board as the first step in our next stage of growth, providing us with enhanced ability to quickly access capital to fund growth initiatives, as and when specific opportunities arise. We have a clear growth strategy to:

- purchase strategically important facilities already operated (but not owned) by Radius Care, providing greater control to undertake value enhancing initiatives;
- leverage our strong Brownfield Development capabilities to undertake value accretive facility extensions and reconfigurations;
- leverage our strong Greenfield Development capabilities, but shifting to a model where Radius Care not only operates the new facilities but also funds the development and retains ownership of the land and buildings; and
- continue our successful track record of undertaking opportunistic acquisitions of attractive aged care facilities and retirement villages, again shifting to a model where Radius Care both operates and owns the acquired facilities and villages.

Over the next three years, Radius Care intends to undertake:

- two Brownfield Developments on facilities owned by Radius Care, totalling approximately 44 Care Beds/Care Suites and 20 Units in aggregate;
- three Brownfield Developments on leased facilities, totalling approximately 60 Care Beds/Care Suites and 20 Units in aggregate; and
- two Greenfield Developments, totalling approximately 200 Care Beds/Care Suites and 200 Units in aggregate.

As part of this next phase of Radius Care's growth, earlier this year, I transitioned into a role focused on execution of these strategic growth initiatives, with Stuart Bilbrough, our CFO between 2010 and 2017, returning to take up the CEO position. In addition, Radius Care hired a specialist Development Manager in May last year and will look to continue to build out its own internal development and acquisition capabilities to support this growth strategy.

We believe we are in a strong position to meet the aged care needs of older New Zealanders, particularly as the growth in older New Zealanders accelerates with the oldest of the "baby boomer" generation turning 75 in 2021. Radius Care's existing processes and procedures around infectious disease control meant it was well prepared to rapidly respond to COVID-19 challenges. As such, to date Radius Care has experienced only limited operational and financial impact as a result of COVID-19, and importantly there have been no resident or staff COVID-19 cases reported⁵.

This Profile contains detailed information about Radius Care, as well as the key risks associated with its business. I encourage you to read this document carefully and in its entirety before seeking to purchase Shares on the NZX Main Board.

We look forward to our exciting next phase of growth as a listed company as we continue our commitment to care.

Yours sincerely,



Brien Cree
Executive Chairman and Managing Director

⁵ As at 30 November 2020.

2.

Radius Care and what it does



Overview

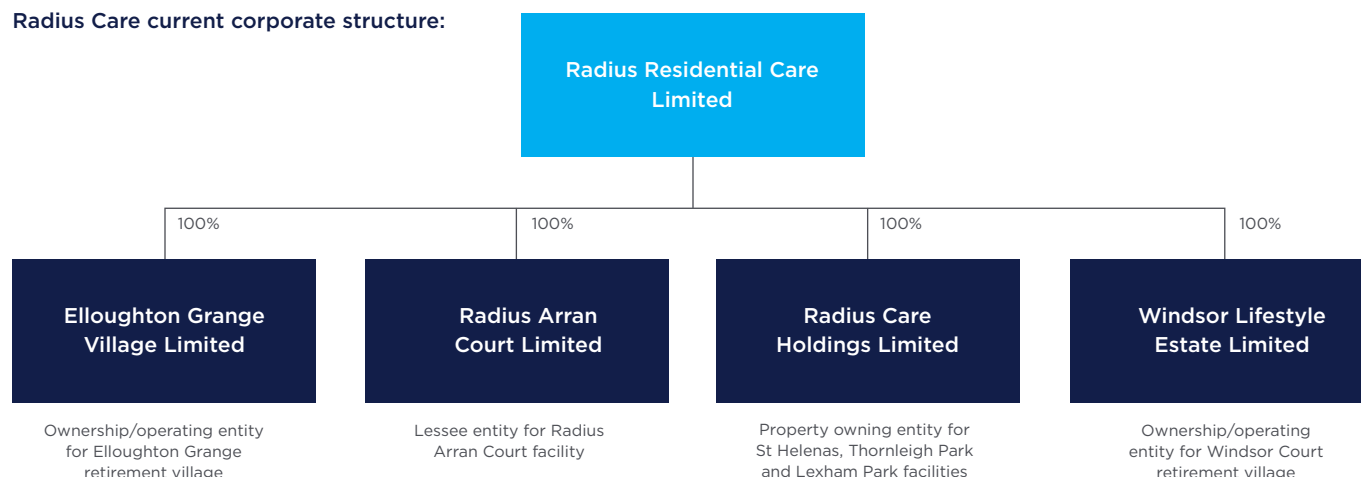
Radius Care was founded in 2003 and operates in the New Zealand aged care and retirement village sectors. It is a nationwide provider offering the full range of accommodation and care options giving residents the ability to “age in place”. While historically Radius Care has operated but not owned its facilities, it has begun to strategically pivot towards increased facility ownership. Today, Radius Care operates 22 aged care facilities, of which it owns three and leases 19. It also owns and operates two retirement villages.

Radius Care is committed to providing the very best high acuity and specialist care across New Zealand. As such, Radius Care uses its smaller retirement village business to support its aged care business, while drawing aged care residents from the wider community (either those aging at home or from other retirement village operators). This is a key distinction relative to other NZX listed sector peers, who typically use care as a mechanism to support Unit sales for their own retirement village businesses, and as such have a growth focus more oriented to retirement village than aged care.

Corporate structure

At listing, Radius Care will be 54.0% owned by the Wave Rider Trust, a trust associated with Executive Chairman Brien Cree, 15.2% owned by funds managed by Knox Investment Partners and 30.8% owned by other shareholders⁶.

Radius Care current corporate structure:

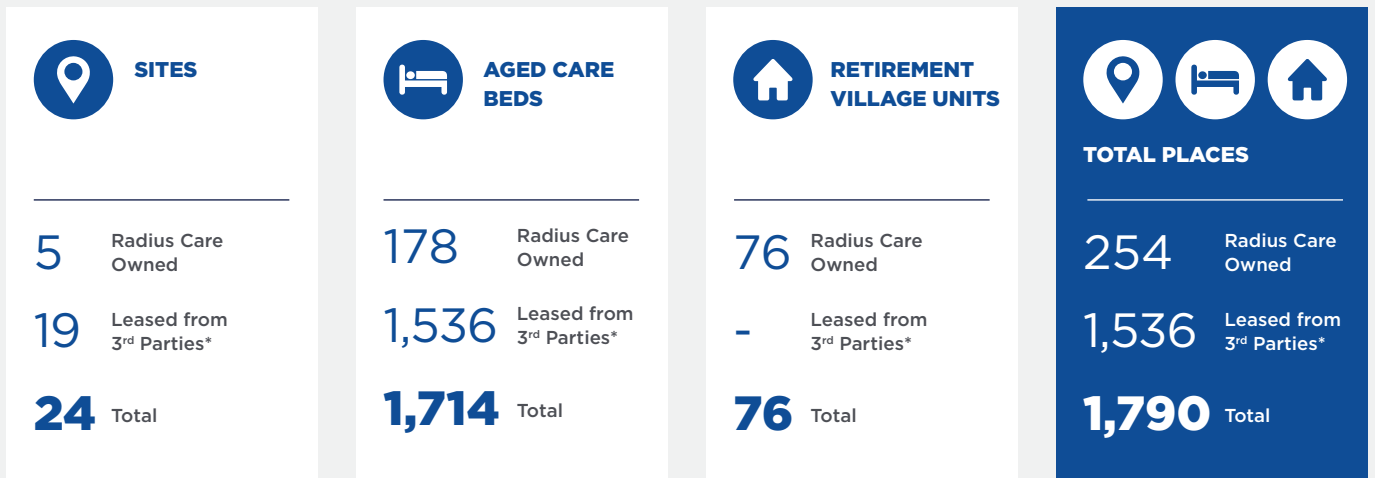


⁶ The other shareholders in Radius Care comprise (a) shareholders that received Shares as a result of a series of in-specie distributions of Shares undertaken by funds managed by Knox Investment Partners prior to listing, (b) Radius Care staff members and (c) Harmos Horton Lusk Limited, which was issued 250,000 Shares in consideration for the provision of \$200,000 worth of legal services to Radius Care in connection with the listing.

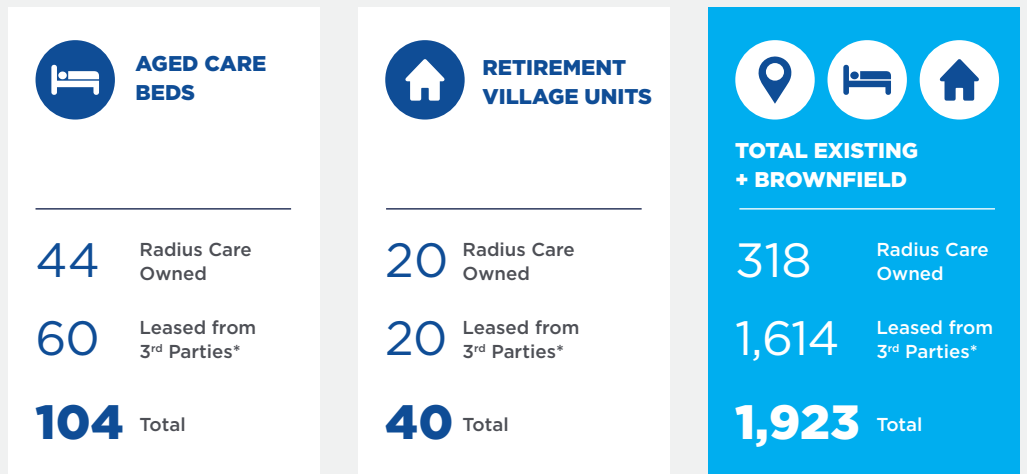
Radius Care at a glance

Portfolio summary

EXISTING PORTFOLIO

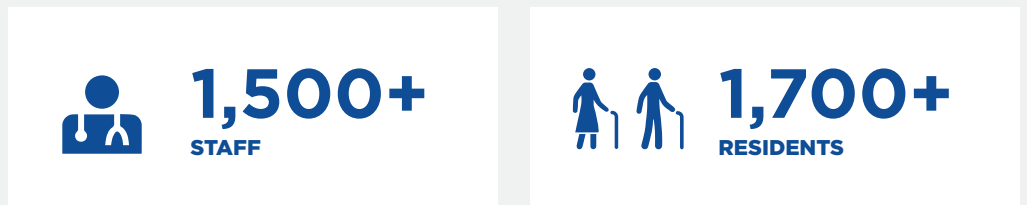


PROPOSED BROWNFIELD DEVELOPMENTS



* All leases are triple net lease and long term in nature - with an average term to next renewal of 9.5 years but 28.0 years after accounting for all renewals as at 30 November 2020. Radius Care has first right of refusal to purchase on all facilities (except one).

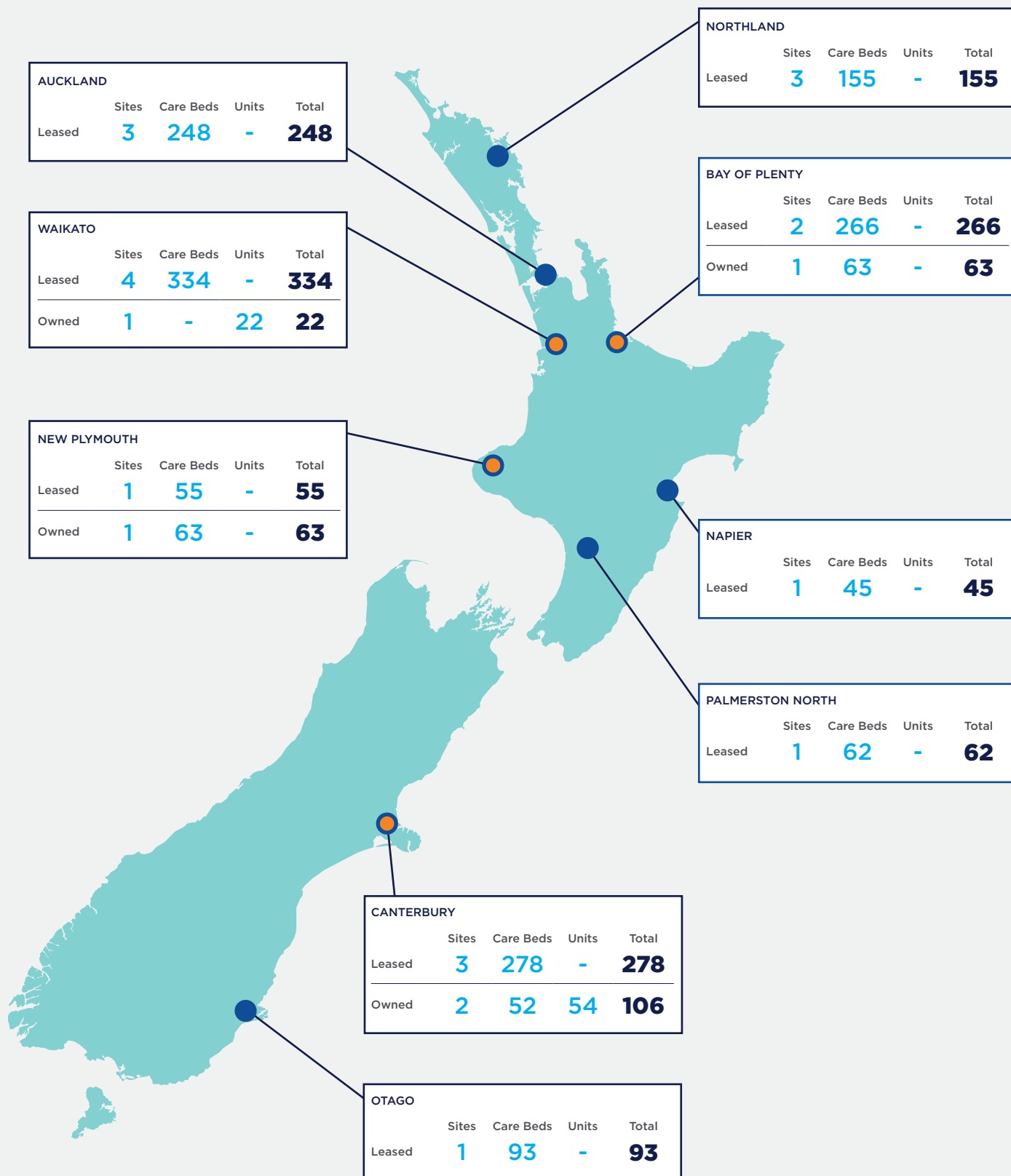
Staff and residents



National portfolio with strong regional presence

● Denotes leasehold sites

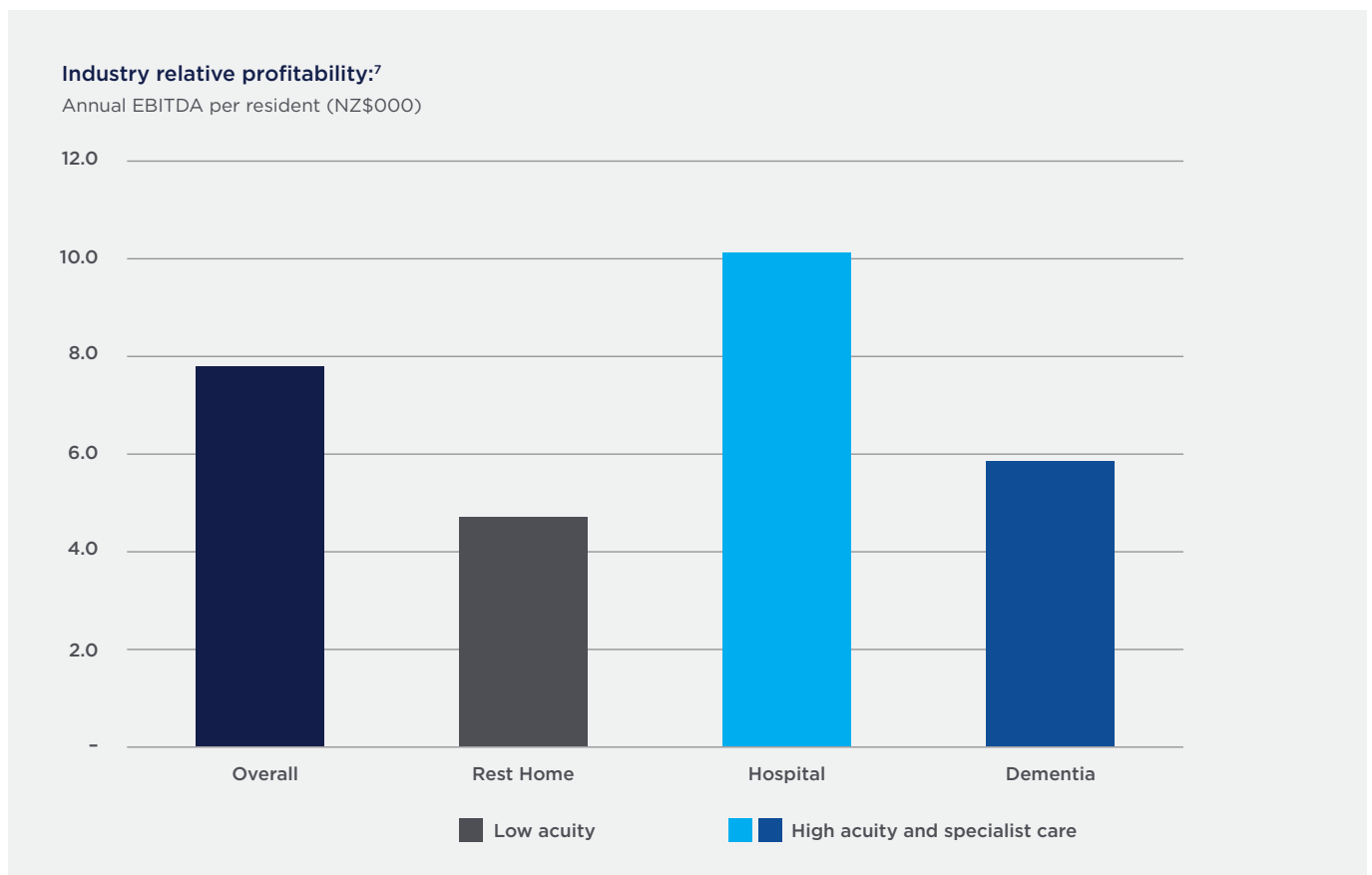
● Denotes freehold sites



Key business strengths

1) Focused on high margin high acuity and specialist care

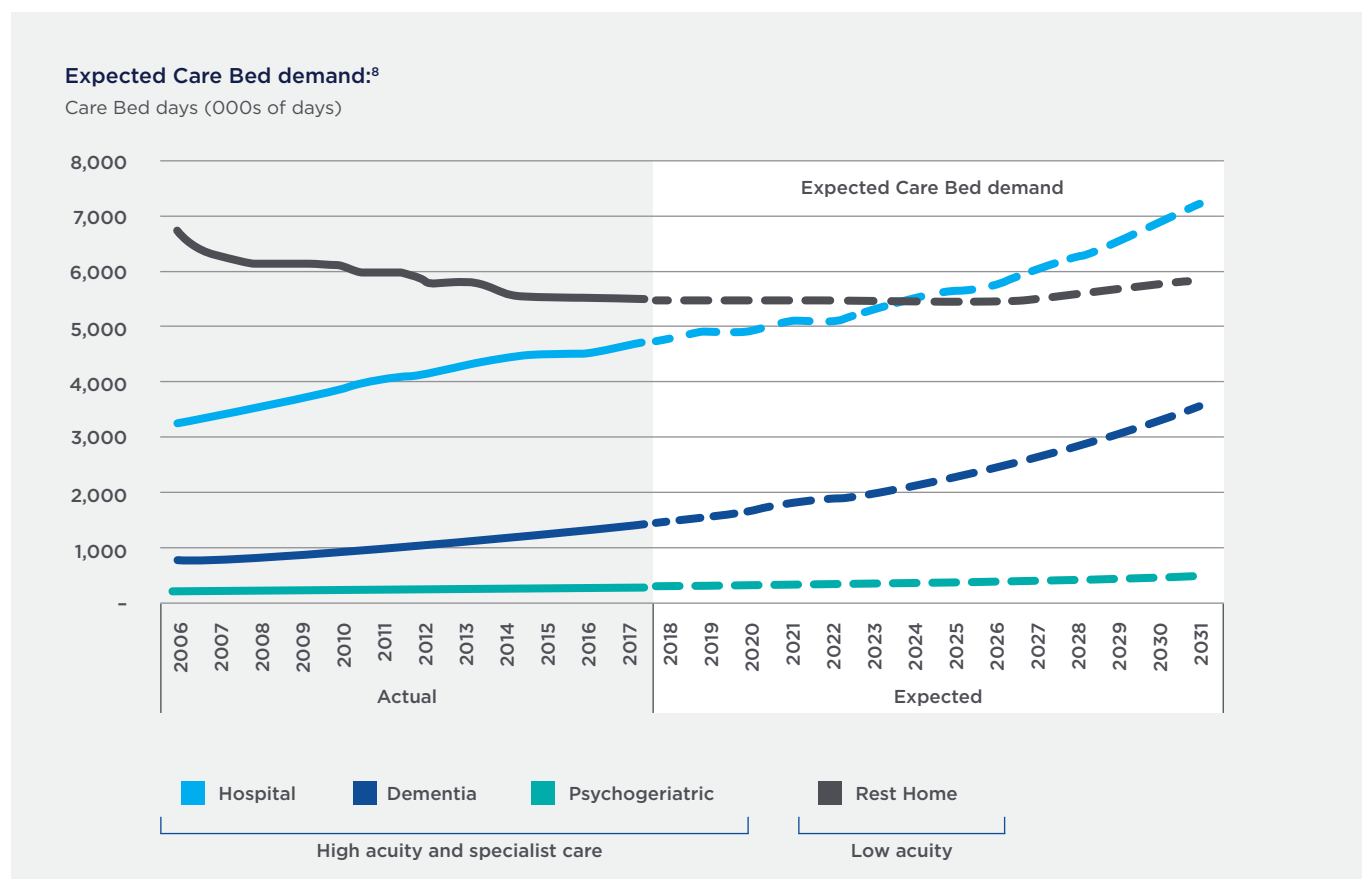
Radius Care's portfolio is oriented to high acuity and specialist care, the highest margin segment of the aged care market with strong barriers to entry, underpinned by resident need.



⁷ Source: EY Aged Residential Care Funding Model Review, August 2019

II) Offering underpinned by strong expected demand for Care Beds, particularly at high acuity and specialist care levels

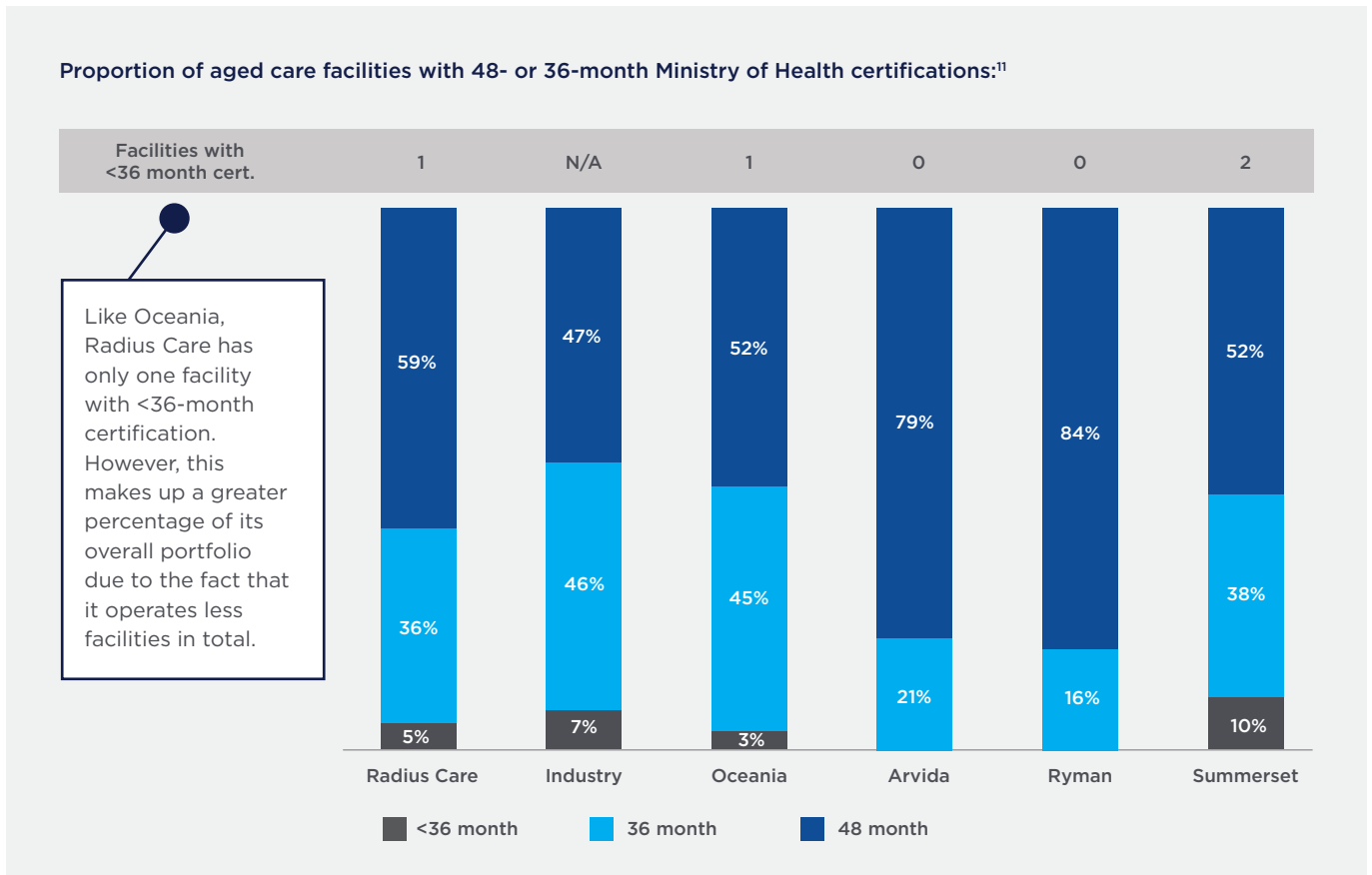
Expected demand for high acuity and specialist care far exceeds demand for low acuity care.



⁸ Source: EY Aged Residential Care Funding Model Review, August 2019 (Figure 21). Chart shows actual use of care categories over the period 2006 to 2017 and projected demand for care categories over the period 2018 to 2031 using the past 5-year trend for the period forward 5 years, thereafter is based on demographic changes only.

III) Strong clinical care outcomes for residents

Radius Care has a strong reputation for providing high quality care, with all of its facilities except one⁹ being certified by the Ministry of Health at the highest certification levels¹⁰, with a 36- and 48-month certification period being the highest certification levels available.



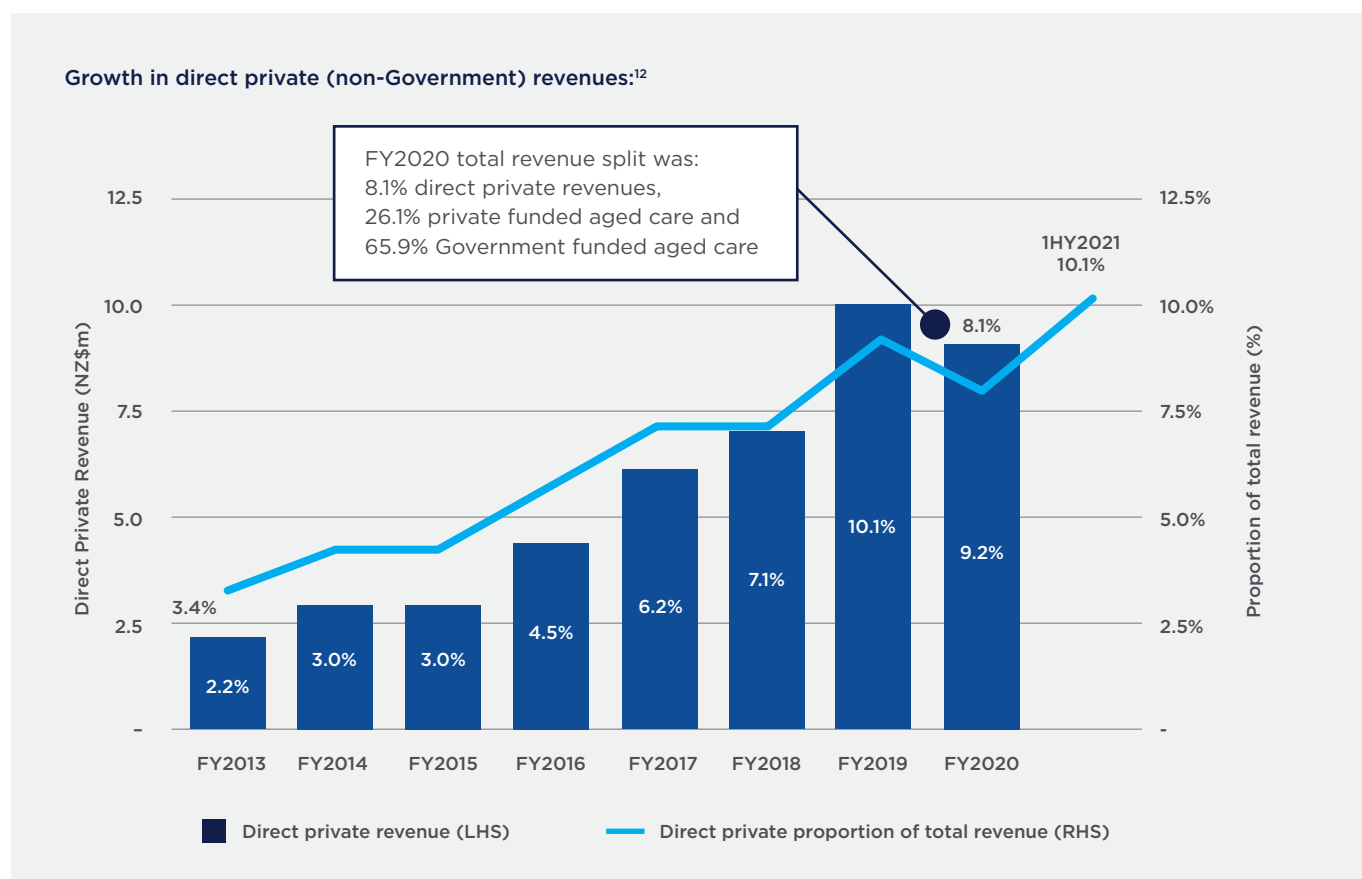
⁹ Due to operational issues relating to complex care profiles of some high acuity residents, one facility was issued a 24-month certification to allow surveillance of care to those residents. This facility had an audit in July 2020, in which it received a 100% compliant outcome. As a result it is expected that on its certification renewal in August 2021, it will receive an extended certification period from its current 24- month certification period.

¹⁰ Certification levels for this purpose are measured by the time period a facility is certified for following an audit before the next certification audit of that facility is required.

¹¹ Source: MoH Audit Reports, per the MoH certified provider register, as at 30 November 2020. Industry average from NZACA 2019-20 Industry Profile.

IV) Secure revenue streams underpinned by Government funding

While Government funding is expected to always underpin Radius Care's revenues, Radius Care has significantly increased its non-Government revenues over time.



¹² Direct private revenue includes accommodation supplements, retirement village revenues, Radius Care Online Shop revenue and other privately paid revenues. Private funded aged care refers to full or partial private aged care payments where the resident exceeds means testing thresholds.

V) Clear growth strategy leveraging strong existing development and acquisition capabilities with greater focus on facility ownership

Radius Care's strategy for growth builds upon its proven track record.

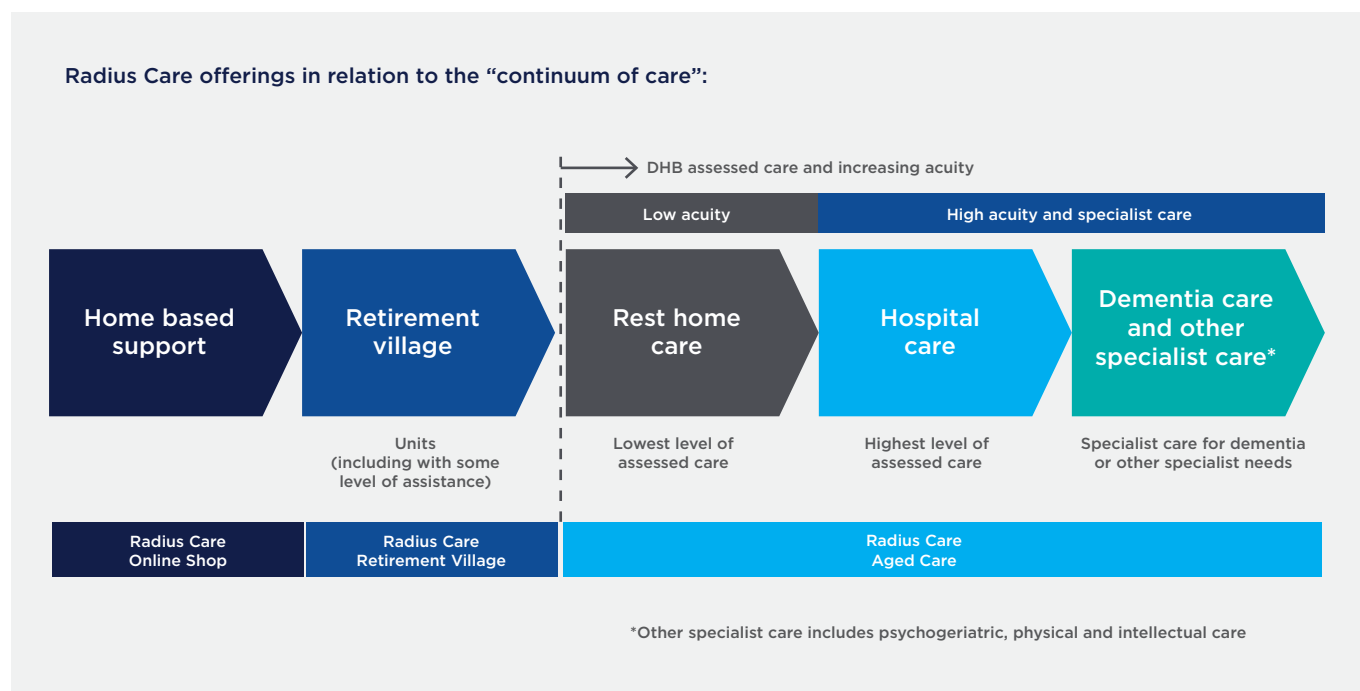
	Go forward strategy	Historical track record
1. Purchase of strategically important facilities already operated by Radius Care	Purchase of land and buildings of existing operating sites providing greater freedom to undertake value enhancing activities	<p>Land and buildings of existing operating sites acquired at:</p> <ul style="list-style-type: none"> • St Helenas (FY2014) – 52 Care Beds • Thornleigh Park (FY2014) – 63 Care Beds • Lexham Park (FY2020) – 63 Care Beds
2. Brownfield Development	Value enhancing expansion of existing facilities	<p>Brownfield Developments on leased facilities undertaken with, and funded by, landlords at:</p> <ul style="list-style-type: none"> • Elloughton Gardens (FY2017) – 27 Care Beds • Waipuna (FY2017) – 28 Care Beds • Windsor Court (FY2018) – 15 Care Beds
3. Greenfield Development	Development of new aged care or retirement facilities with Radius Care retaining ownership of both operations and the land and buildings	<p>Greenfield Development on leased facilities undertaken with, and funded by, landlords at:</p> <ul style="list-style-type: none"> • Millstream (FY2017) – 80 Care Beds • Glaisdale (FY2018) – 80 Care Beds <p>Greenfield Development on owned facilities undertaken and funded by Radius Care at:</p> <ul style="list-style-type: none"> • Elloughton Grange Village (FY2021) – 54 Units
4. Opportunistic value accretive acquisitions	Acquisition of care focused facilities with Radius Care retaining both the operations and land and buildings	Acquired the operations of 26 aged care facilities and retirement villages comprising 1,998 Residences since 2003 ¹³

¹³ Refer to the "List of Radius Care acquisitions and sales" on pages 40 and 41 for further detail on historical acquisitions.

Industry overview and Radius Care positioning

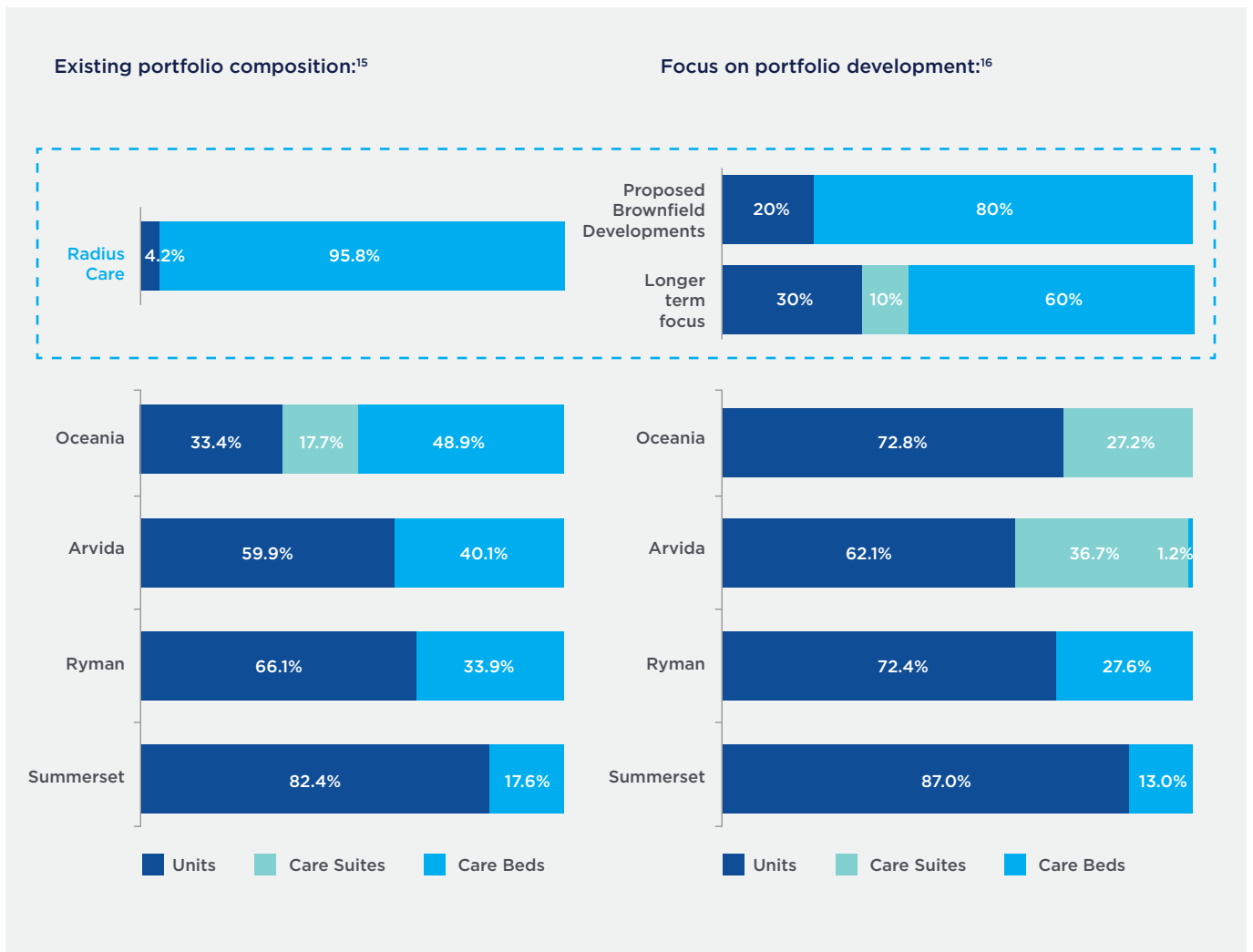
There are three related sectors providing accommodation, support and care to older New Zealanders which together provide a full continuum of options to meet individual needs.

- **Home based support:** is part of the Government's strategy to encourage and assist older New Zealanders to remain supported in their own homes;
- **Retirement village:** cater for individuals who can live independently or require low levels of assistance (for example with meals, cleaning or laundry services); and
- **Aged care:** cover low acuity care (rest home care) and high acuity and specialist care (hospital, dementia, psychogeriatric, physical and intellectual care)¹⁴. Care is provided under MoH certification.



¹⁴ Of these offerings, psychogeriatric, physical and intellectual care are a relatively small component of the industry and, as such, industry data shown in this Profile may not include these offerings.

While Radius Care is most focused on aged care, it also has a growing retirement village business and through the Radius Care Online Shop (see page 30 for further detail) engages with the home based support demographic. Importantly, relative to other NZX listed aged care and retirement village operators Radius Care has a significantly greater focus on aged care (particularly high acuity and specialist care). Radius Care's development focus remains heavily aged care orientated.



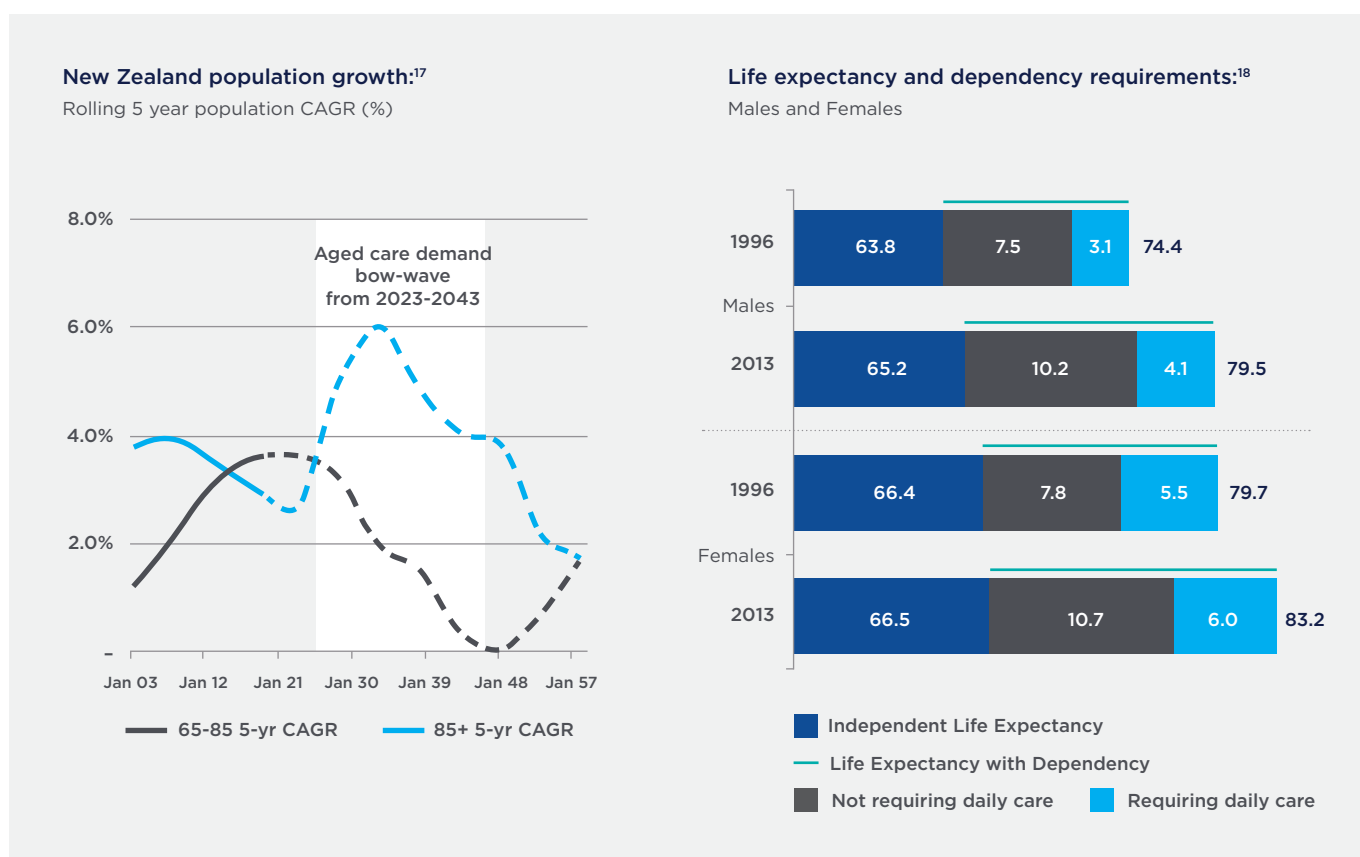
¹⁵ Source: The most recent annual or interim report of Oceania, Arvida, Ryman and Summerset published prior to 30 November 2020.

¹⁶ Source: The most recent annual or interim report of Oceania, Arvida, Ryman and Summerset published prior to 30 November 2020.

Drivers of demand

New Zealand's aging population and increasing levels of dependency are key drivers of demand for both aged care and retirement villages services. In particular, we note that:

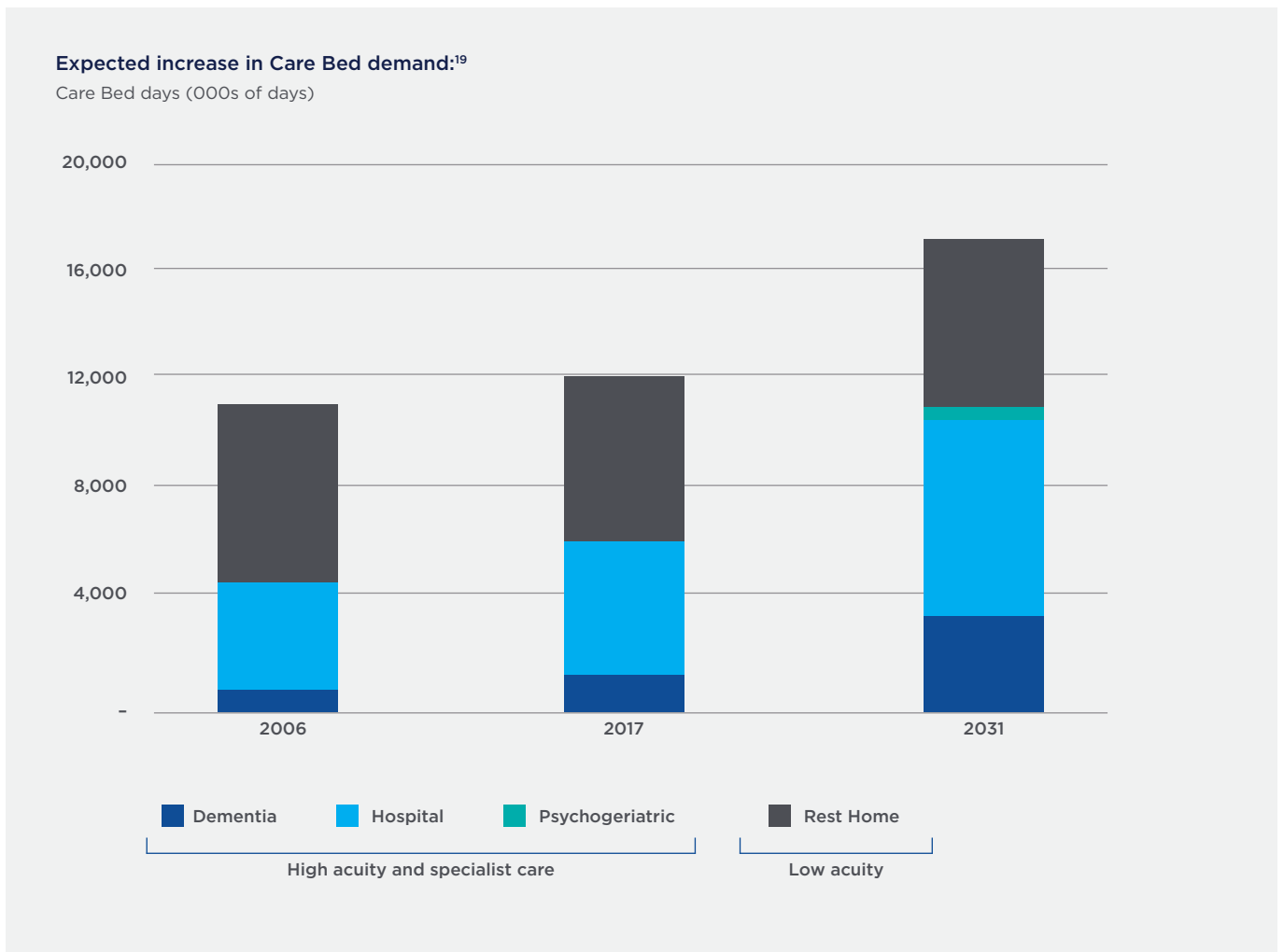
- Whilst the 65 to 85 year age bracket (the retirement village demographic) is currently experiencing peak levels of population growth, the strongest growth is expected to be ahead for the 85+ year age bracket (the aged care demographic).
- Whilst life expectancy has increased by 5.1 years for males and 3.5 years for females between 1996 and 2013, the number of years with dependency over the same time period has also increased by 3.7 years for males and 3.4 years for females respectively.



¹⁷ Source: Statistics New Zealand.

¹⁸ Source: Ministry of Health, 2013.

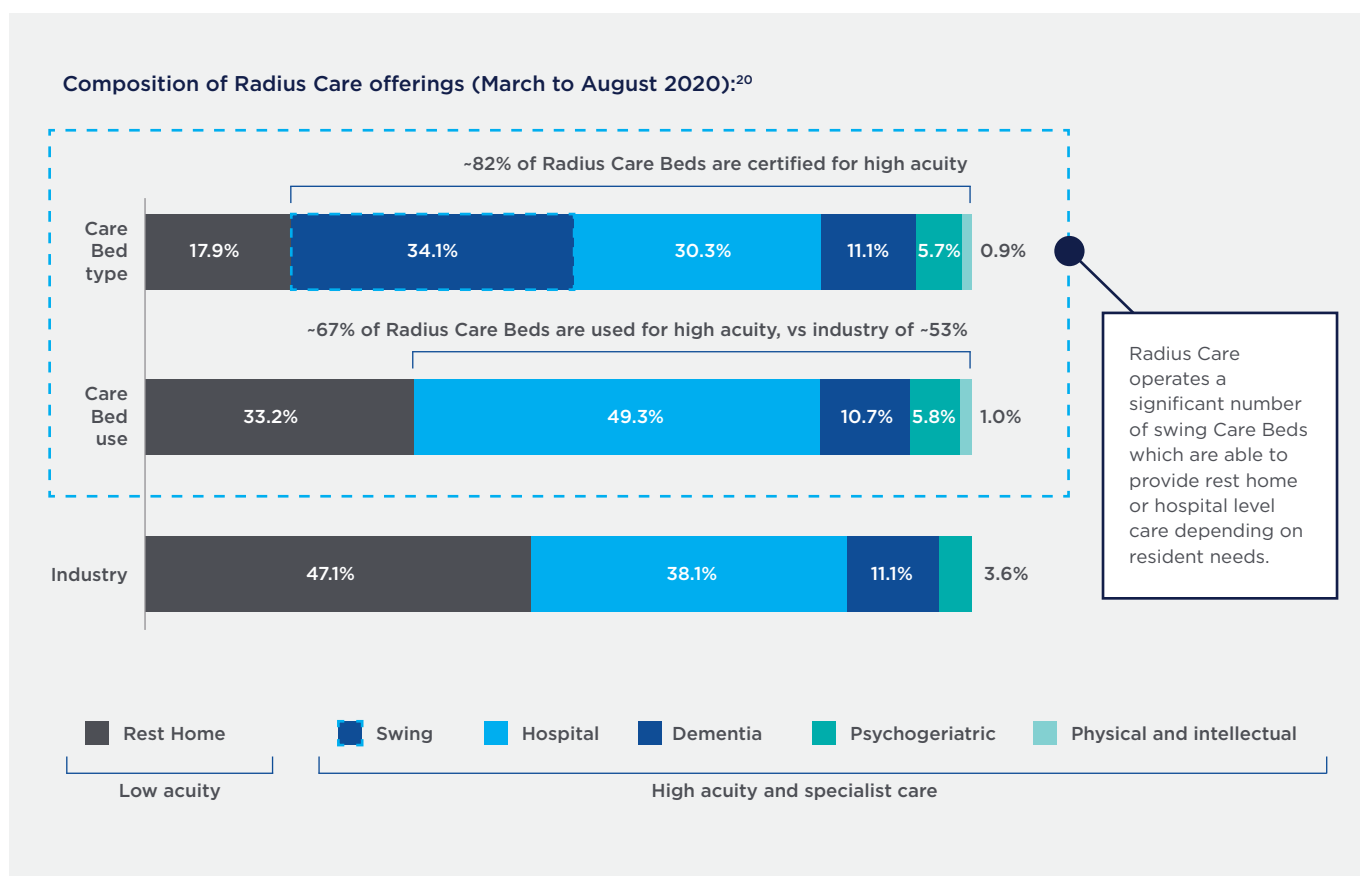
As part of the EY Aged Residential Care Funding Model Review, EY undertook analysis using the age-related residential care (“ARC”) demand planning model which indicated that growth in Care Bed demand is expected to be greatest for high acuity and specialist care segments.



¹⁹ Source: EY Aged Residential Care Funding Model Review, August 2019. Based on data from the ARC demand planning model released March 2018.

Radius Care focus on high acuity and specialist care

Radius Care’s portfolio is heavily oriented to the provision of aged care to the high acuity and specialist care segments. Currently ~67% of Radius Care’s Care Beds are in use at high acuity and specialist care levels vs. the industry average of ~53%. In order to ensure strong occupancy (given needs assessment determines the level of care a resident requires) Radius Care operates a significant number of swing beds that are certified to provide high acuity hospital level care but can also be used to provide low acuity rest home level care. In aggregate, ~82% of Radius Care’s Care Beds are certified for use at high acuity and specialist care levels.

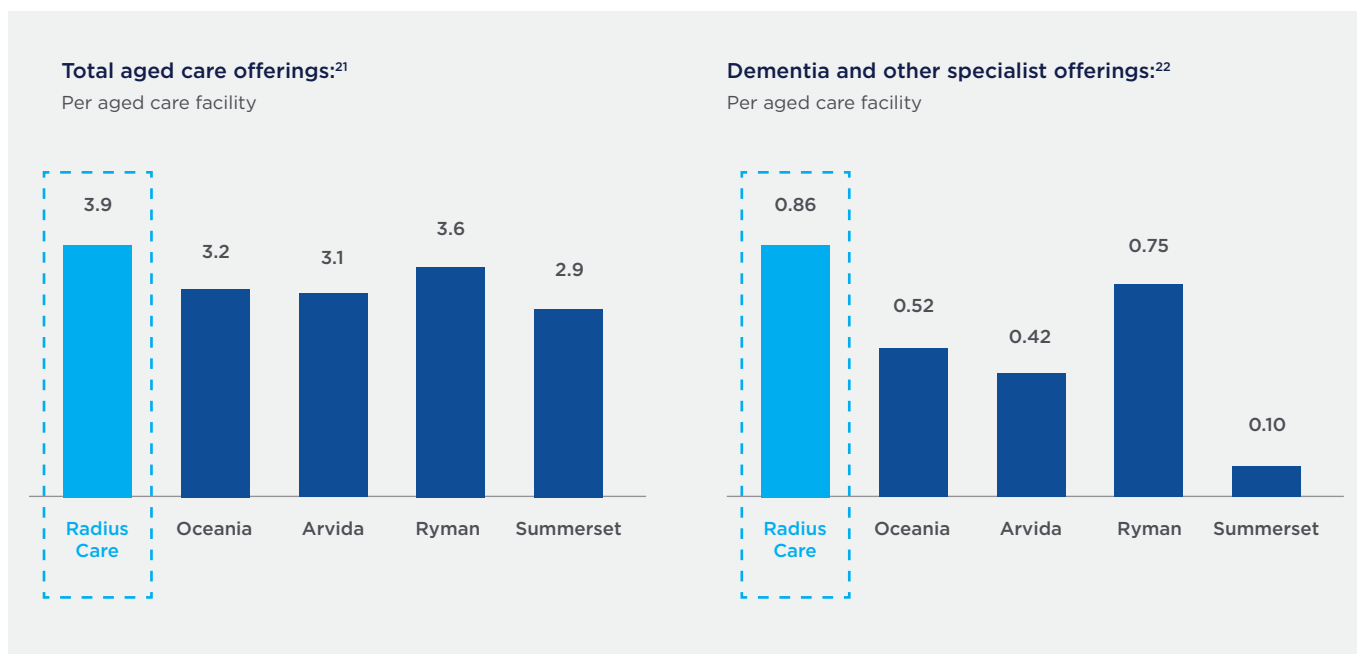


²⁰ Source: CBRE analysis, September 2020.

Radius Care provides a greater range of aged care offerings on average per facility than its NZX listed sector peers and, most notably, materially more dementia and other specialist offerings per facility.

As such, Radius Care has a strong reputation for the provision of high acuity and specialist care and tends to be able to achieve good utilisation at the hospital level care from its swing beds (as noted previously). As noted earlier in the key business strengths section, high acuity and specialist Care Beds typically generate higher margins across the industry. The high acuity and specialist care segments of the aged care market also have strong barriers to entry, including:

- the requirement for residential aged care facilities to be certified by the MoH under the Health and Disability Services (Safety) Act 2001;
- the need for new entrant aged care providers to have the necessary policies and procedures in place in order to receive that certification;
- the need for aged care providers to have appropriately experienced and qualified clinical staff;
- the capital expenditure required for a new entrant to either build or purchase a residential aged care facility; and
- the business infrastructure required to execute and comply with policies and procedures necessary to maintain certification.



²¹ Source: MoH Audit Reports, based on latest MoH audit reports as disclosed on the MoH website as at 30 November 2020. Average based on a simple average of all certified facilities.

²² Source: MoH Audit Reports, based on latest MoH audit reports as disclosed on the MoH website as at 30 November 2020. Specialist offerings include dementia, psychogeriatric, physical and intellectual but does not include rest home or hospital-geriatric or hospital-medical care. Average based on a simple average of all certified facilities.

Regulations and funding

Aged care

Residential aged care facilities are required to be certified by the MoH under the Health and Disability Services (Safety) Act 2001. This acts as a strong barrier to entry for new entrants, as an operator needs to be able to demonstrate that it has the necessary policies and procedures in place before receiving certification and becoming fully operational. All except one of Radius Care's aged care facilities are certified for three or more years.

DHBs are responsible for funding residential aged care under the Residential Care and Disability Support Services Act 2018. DHBs have a contract in place with aged care providers, in the form of the Ministry of Health's national age related residential care contract ("**ARRC Contract**"), to provide long-term residential care to residents eligible for Government funding. Funding under the ARRC Contracts is set each year following a national review between representatives of MoH, the DHBs and the NZACA and typically varies slightly between regions across the country.

Care Beds are funded by the Government (via DHBs under an ARRC Contract with the aged care provider) and/or privately via resident contributions.

To determine if a person is entitled to Government funding, a person must first have a needs assessment from a DHB or needs assessment agency. If the person is aged 65 or older (or 60-64 and single with no dependent children) and the needs assessment shows that they require ongoing, long-term residential care, their eligibility for Government funding will depend on a financial means assessment carried out by Work and Income NZ.

The financial means test has two components - an asset test and an income test:

- If the person's assets are equal to or below the applicable asset threshold, they qualify for Government funding (the residential care subsidy) to pay for most of the cost of their care. An income test will then determine what the person must contribute to the cost of their care.

- If the person has assets above the applicable asset threshold, then the person is liable to pay for the cost of rest home care up to a maximum contribution amount (equal to the ARRC Contract price for rest home care for their area). The person may be eligible for an interest-free residential care loan from the Government that is secured over the person's former home.

If the person is assessed as needing high acuity care, the relevant DHB will pay the difference between what the person is contributing (either the assessed amount or maximum contribution) and the ARRC Contract price for the higher level of care, provided the person is receiving care at a facility that has a contract with the DHB.

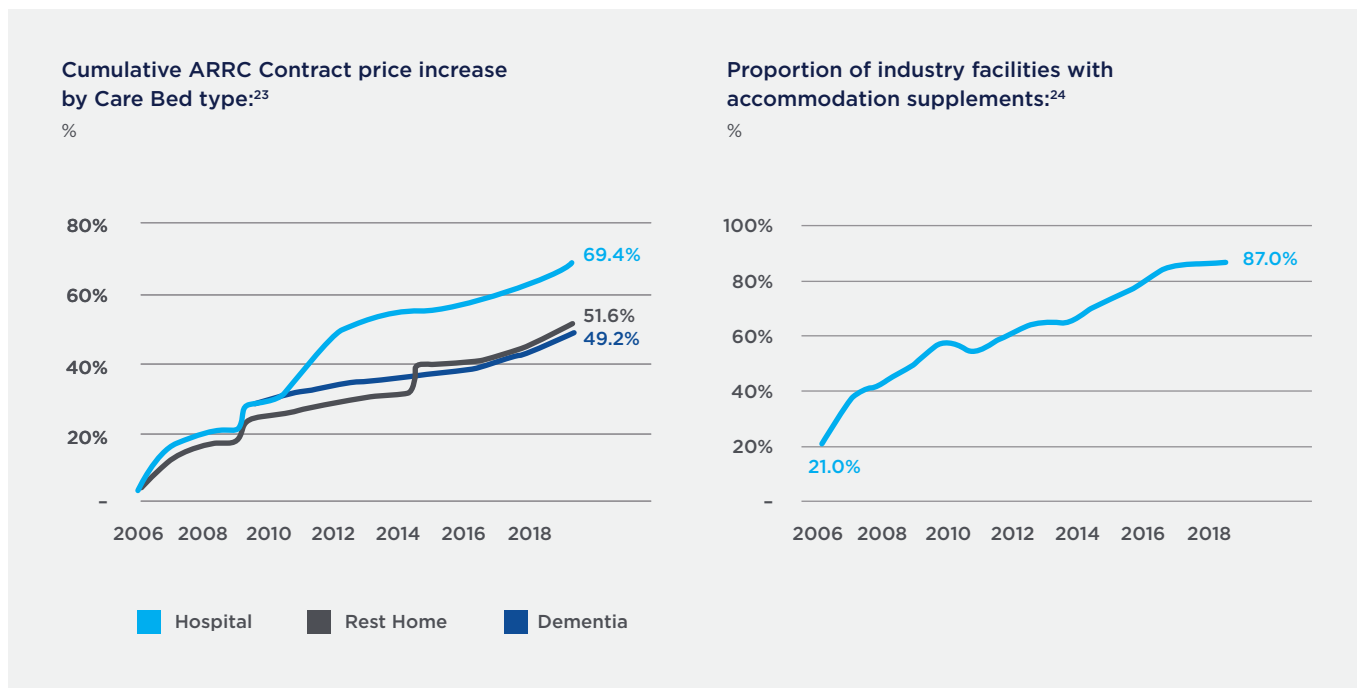
People can enter aged care facilities of their own accord without having a needs assessment, but if they choose to do so they will be personally liable to pay the full cost of their care (i.e. no maximum contribution amount will apply).

In addition, people may choose to receive extra amenities and services from their aged care provider in excess of the Government recommended minimum standard, which they will be required to pay their aged care provider directly for. These extra amenities may include room features such as a larger room, ensuite and/or view, for which an accommodation supplement will be payable, or additional services such as day trips and supplementary therapy services.

The key components of aged care funding can be summarised as follows:

Government funding	<ul style="list-style-type: none"> Residential care subsidy (for residents that fall below asset and income thresholds). This does not need to be repaid by the resident Residential care loan (for residents with assets above the threshold level, but limited cash and other assets). This is an interest free loan that is paid directly to the aged care provider and secured via a caveat against the incoming resident's home
Private funding	<ul style="list-style-type: none"> Private funding by residents (full private payment if the requirements for Government funding are not met, or partial if only the requirements for a partial subsidy are met) Accommodation supplements for room features above the Government recommended minimum standard (e.g. larger room, ensuite and/or view), representing a direct private payment, limited only by what the private market is willing to support Additional services which include day trips and supplementary therapy services

Government funding has continued to increase over time, with the industry continuing to advocate for further increases. In addition, the acceptance of accommodation supplements within the industry has risen markedly in recent years, with accommodation supplements now a feature of most industry facilities.



²³ Source: CBRE Analysis, September 2020.

²⁴ Source: NZACA Member Profiling Survey 2019, December 2019.

Retirement villages

Retirement village operators must comply with the Retirement Villages Act, which requires operators to register each retirement village with the Registrar of Retirement Villages and appoint a statutory supervisor for each facility to protect the financial interests of the residents. The statutory supervisor for both of Radius Care's retirement villages is Covenant Trustee Services Limited.

Units in retirement villages are funded privately by residents, with operators selling incoming residents the right to occupy their Unit under an Occupational Right Agreement ("ORA"). Under the licence to occupy, the village operator agrees that following the resident's exit and resale of the Unit, the resident will be refunded the licence payment they initially paid for the ORA, less an accrued Differed Management Fee ("DMF").

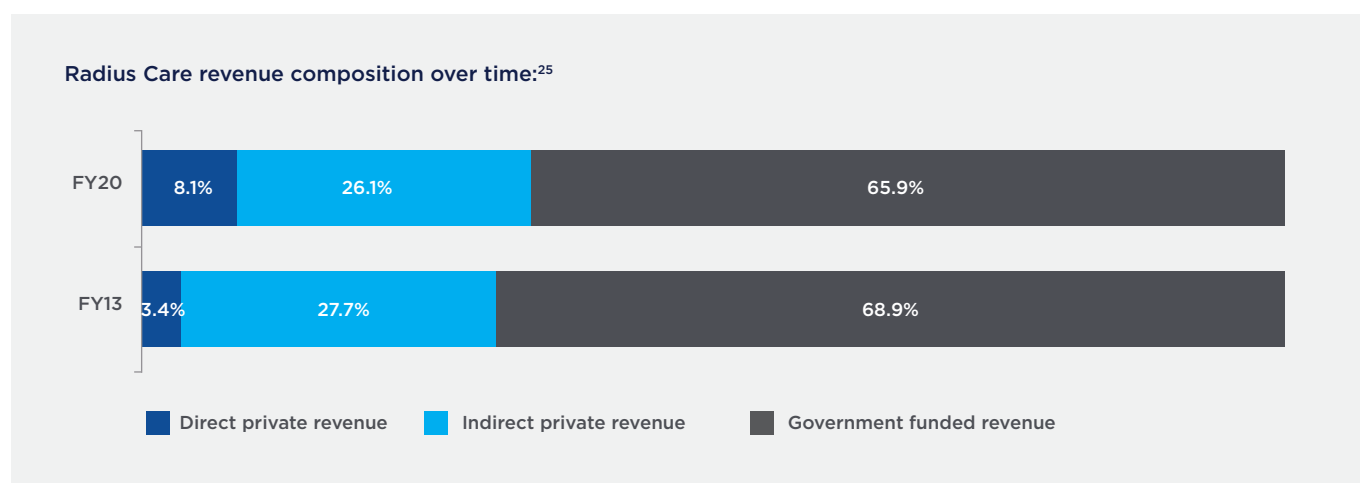
As such there are three main revenue streams:

- DMF;
- Movements in the fair value of investment property for statutory purposes, but for Pro forma Underlying measures only, reflects realised gains on the resale of Units and development margins on the sale of new Units; and
- Weekly service fees (covering, among other things, insurance, rates, cleaning of common and outside areas, gardening, provision of common facilities).

Further information on these revenue streams is set out in Section 4 (*Radius Care's financial information*) under the heading "How Radius Care generates revenue" on page 64.

Radius Care's funding streams

Given the relative size of its aged care business, Radius Care's revenues continue to be underpinned by Government funding. However, in recent years Radius Care has continued to increase the proportion of its revenues derived from non-Government sources, most notably through a material increase in direct private payments from a combination of accommodation supplements, retirement village revenues, the Radius Care Online Shop and other private payments.



²⁵ Direct private revenue includes accommodation supplements, retirement village revenues, Radius Care Online Shop revenue and other privately paid revenues. Indirect private revenue reflects full or partial private aged care payments by residents at the maximum contribution amount where a resident exceeds the financial means test thresholds.

Business overview

History of Radius Care

Radius Care was founded in 2003 with the purchase of a single facility (Heatherlea) with 54 Care Beds and has subsequently grown to a national portfolio of over 1,700 Care Beds and 76 Units across its 22 aged care facilities and two retirement villages. Originally Radius Care was a division of Radius Health Group, which also included separate medical and pharmacy divisions. Brien Cree was CEO of Radius Care and with interests associated with Brien Cree holding 20% of the Shares in Radius Care.

There are three distinct time periods in the evolution of the Radius Care business:

- **Acquisition-led growth period (2003 to 2008):** Over this period Radius Care undertook the acquisition of 22 facilities with an aggregate of 1,549 Residences (in each case with the operations being retained and the land and buildings being on sold and leased back by Radius Care);
- **Global Financial Crisis (“GFC”) and management buyout period (2008 to 2013):** Radius Care continued to perform well through the GFC period. In 2010, interests associated with Brien Cree (together with two other investors) acquired the 80% of the Shares not already owned by them, with Radius Care becoming a standalone business. Radius Care then commenced a period focused on operational improvement to get the most from the existing portfolio;
- **Acquisition and development period (2013 to today):** Radius Care commenced its first Greenfield Development at Elloughton Grange Village in 2013. A shareholder restructure took place over late 2014/early 2015, resulting in Knox Investment Partners becoming a key shareholder. Over this period Radius Care has undertaken:
 - Three Brownfield Developments at Elloughton Gardens, Waipuna and Windsor Court;
 - Three Greenfield Developments at Millstream, Glaisdale and Elloughton Grange Village; and
 - Purchased the land and buildings of the St Helenas, Thornleigh Park and Lexham Park facilities.

Overview of Radius Care facilities

Radius Care operates a nationwide portfolio of aged care facilities with a focus on both key urban centres and regional centres. It also owns and operates two retirement villages, both of which are co-located with Radius Care aged care facilities, providing a continuum of care to residents.

All leased aged care facilities (except for one)²⁶ operate under a triple net lease structure whereby Radius Care pays for all rates, insurance and day to day maintenance with any larger more remedial maintenance requirements (such as a new roof) paid by the landlord. All leases are long-term in nature with an average time to next renewal of 9.5 years but an average time to expiry of 28.0 years as at 30 November 2020, assuming all leases continue to be renewed. We note that renewal of all leases is at Radius Care’s option (rather than the landlord’s). Radius Care has 11 landlords across its current 19 leased facilities. As outlined in more detail on pages 34 and 35, Radius Care has begun to strategically pivot towards increased facility ownership, having purchased the land and buildings at its St Helenas, Thornleigh Park and Lexham Park facilities in Christchurch, New Plymouth and Katikati respectively.

Rents under Radius Care’s aged care facility leases were initially set based on prevailing market rents, with rent increases across the leased facility portfolio based on a mix of CPI increases and independently assessed market rent reviews.

²⁶ One lease includes an additional obligation on Radius Care to meet the costs of repair of any structural and inherent defects.

List of Radius Care facilities:²⁷

Facility	Location	Care Beds	Units	Current lease term	Time to next renewal	Rights of renewal	Time to final expiry	Landlord
<i>Leased:</i>								
Heatherlea	New Plymouth	55	-	12 yrs	5.3 yrs	3 x 12 yrs	41.4 yrs	A
Taupaki Gables	Kumeu	60	-	12 yrs	5.3 yrs	3 x 12 yrs	41.4 yrs	A
Windsor Court	Ohaupo	76	-	12 yrs	5.3 yrs	3 x 12 yrs	41.4 yrs	A
Elloughton Gardens	Timaru	86	-	12 yrs	5.3 yrs	3 x 12 yrs	41.4 yrs	A
Kensington	Hamilton	96	-	10 yrs	3.5 yrs	2 x 10 yrs	13.5 yrs	B
Peppertree	Palmerston North	62	-	10 yrs	4.0 yrs	2 x 10 yrs	14.0 yrs	B
St Joans	Hamilton	82	-	10 yrs	4.4 yrs	2 x 10 yrs	14.4 yrs	B
Fulton Home	Dunedin	93	-	10 yrs	4.9 yrs	2 x 10 yrs	14.9 yrs	B
Arran Court	Auckland	102	-	10 yrs	8.6 yrs	1 x 10 yrs	18.6 yrs	B
Potter Home	Whangarei	55	-	20 yrs	8.9 yrs	2x 15 yrs	38.9 yrs	C
Rimu Park	Whangarei	55	-	20 yrs	8.9 yrs	2x 15 yrs	38.9 yrs	C
Waipuna	Auckland	86	-	30 yrs	26.2 yrs	-	26.2 yrs	D
Hampton Court	Napier	45	-	10 yrs	8.2 yrs	-	8.2 yrs	E
Baycare	Northland	45	-	12 yrs	5.3 yrs	3x 12 yrs	41.4 yrs	F
Matua	Tauranga	149	-	30 yrs	22.0 yrs	-	22.0 yrs	G
Althorp	Tauranga	117	-	15 yrs	7.8 yrs	3x 10 yrs	37.8 yrs	H
Millstream	Ashburton	80	-	35 yrs	30.6 yrs	-	30.6 yrs	I
Millstream Apartments ²⁸	Ashburton	19	-	5 yrs	3.8 yrs	2x 5 yrs	13.8 yrs	I
Glaisdale	Hamilton	80	-	15 yrs	11.5 yrs	2x 15 yrs	41.5 yrs	J
Hawthorne	Christchurch	93	-	10 yrs	9.4 yrs	2x 10 yrs	19.4 yrs	K
Total leased		1,536	-	n/a	n/a	n/a	n/a	
Simple average leased		73	-	15.0 yrs	9.5 yrs	n/a	28.0 yrs	
<i>Owned:</i>								
St Helenas	Christchurch	52	-	n/a	n/a	n/a	n/a	n/a
Thornleigh Park	New Plymouth	63	-	n/a	n/a	n/a	n/a	n/a
Lexham Park	Katikati	63	-	n/a	n/a	n/a	n/a	n/a
Windsor Court Village	Ohaupo	-	22	n/a	n/a	n/a	n/a	n/a
Elloughton Grange Village	Timaru	-	54	n/a	n/a	n/a	n/a	n/a
Total owned		178	76					
Simple average owned		59	38					
Total		1,714	76					

²⁷ As at 30 November 2020.

²⁸ Note: these are considered part of the Millstream aged care facility, however have been shown differently due to different lease terms.

Radius Care aged care business

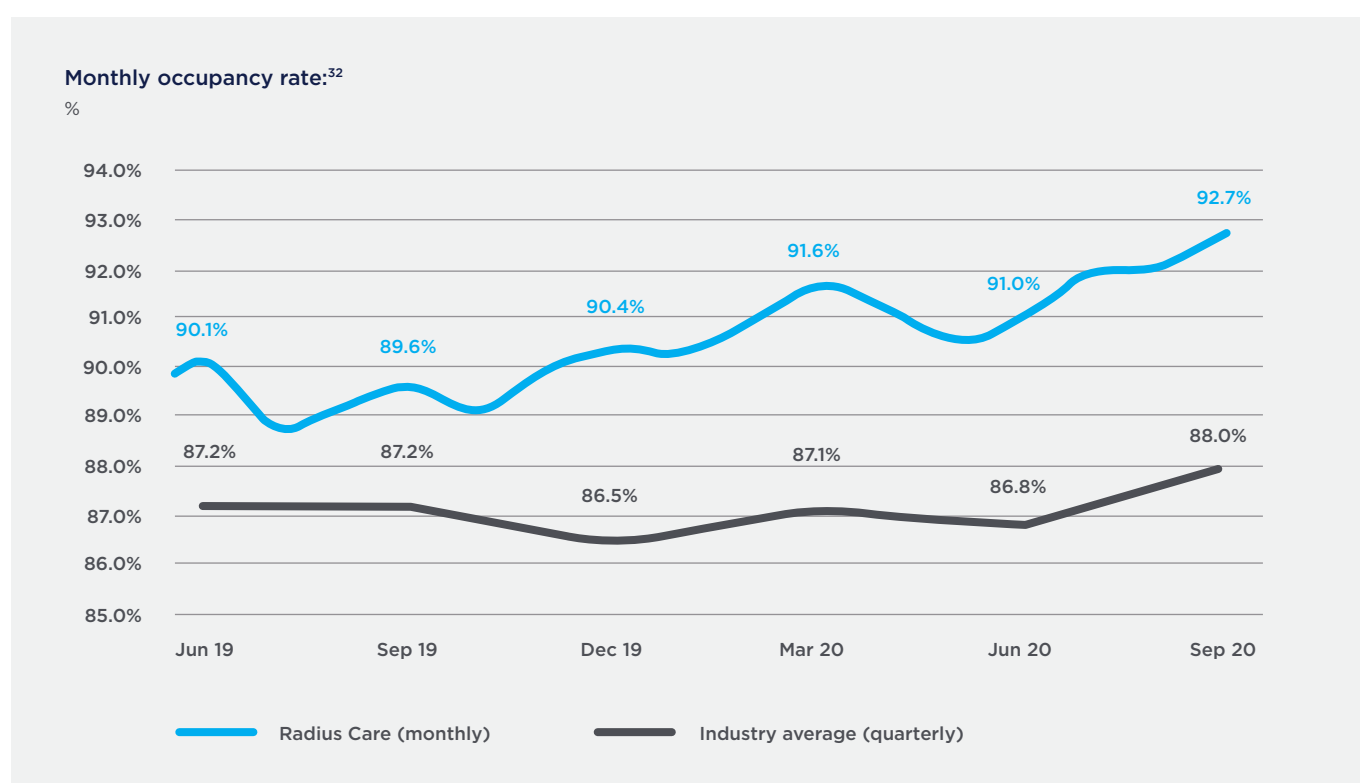
Radius Care's ability to deliver strong consistent clinical care outcomes is underpinned by its systematic approach to the provision of care. Key elements of Radius Care's clinical care platform include:

<p>Centralised head-office systems and support</p>	<p>Oversight of facilities focused on ensuring efficiency and consistency of care, including:</p> <ul style="list-style-type: none"> • Finance, HR, IT, legal, marketing, procurement, property and development, clinical, education and health and safety functions • Roving facility and clinical managers available to facilities as required • Regular in-house training and ongoing skills development to ensure staff are familiar with latest healthcare practices
<p>Leading IT systems</p>	<ul style="list-style-type: none"> • Best-in-class IT systems such as patient and resident management, assessment and clinical decision making and shift rostering • Focused on adoption of best in-class technology, having been one of the first to adopt Time Target and eCase, now both considered best-practice • Enhances efficiency, minimises risk of clinical errors and promotes consistency of resident care outcomes
<p>Strong staff recruitment and retention processes</p>	<ul style="list-style-type: none"> • Approximately 39% of registered nurses employed in the aged care sector are on work visas²⁹ and as such access to offshore clinical staff is critical to ensure appropriate staffing levels can continue to be maintained • Radius Care was the second aged care provider to receive NZ Immigration accreditation which significantly increases the speed with which staff can be brought on board, decreasing reliance on bureau staff. Registered nurses have also been on NZ Immigration's short term skills list since 2019 • Over the last three years, 34.4% of new Radius Care registered nurses have come through the NZ Immigration pathway • Radius Care aims to be an employer of choice by offering an attractive and fulfilling environment for all staff. Radius Care has more than 150 staff with tenure of over ten years
<p>Radius Care Online Shop</p>	<ul style="list-style-type: none"> • Radius Care Online Shop, established in 2017, provides a range of care products to the wider 65 year+ community providing early engagement with the home based support demographic, thereby acting as a lead generator • Products include continence, mobility (e.g. walking stick, wheelchairs etc), specialist furniture (e.g. rehabilitation chairs), specialist bedroom and bathroom equipment (e.g. bed protectors and shower aids) • As a core component of Radius Care's growth strategy, revenues from the Radius Care Online Shop are expected to continue to increase strongly

²⁹ Source: NZACA Member Profiling Survey 2019, December 2019.

Occupancy

Radius Care's aged care occupancy is high relative to the industry average. As at 30 September 2020³⁰, Radius Care's aged care occupancy was 92.7% compared to the national average occupancy of 88.0%³¹. Radius Care's aged care occupancy has continued to trend upwards since then.



³⁰ TAS/NZACA data for September quarter.

³¹ NZACA Occupancy - TAS Aged Residential Care Quarterly Reporting Survey, as at 30 September 2020. Includes ORA ARRC-certified beds and residents.

³² NZACA Occupancy - TAS Aged Residential Care Quarterly Reporting Survey, as at 30 September 2020. Includes ORA ARRC-certified beds and residents.

Aged care business strategy

Radius Care's strategy for its aged care business is as follows:

Drivers	Initiatives
Maximise occupancy through strong reputation for care excellence	<ul style="list-style-type: none"> • Continue to build profile with Government agencies and relevant referrers particularly for high acuity and specialist care • Continue to focus on improved clinical audit outcomes and increased length of MoH certification • Build regional market visibility with greater advertising with emphasis on real people • Provide the best care outcomes for residents by focusing on needs first
Enhance returns through optimal Care Bed mix	<ul style="list-style-type: none"> • Expand dementia offering through Care Bed conversion • Grow ACC rehabilitation care offering • Focus on pricing optimisation and by employing tiered pricing approach to accommodation supplements • Examine ability to pivot towards an ORA-based Care Suite product (which is capital efficient and has strong returns relative to a standard Care Bed product) as the land and buildings at existing facilities are purchased • Continue to ensure residents are assessed and funded at the appropriate care level
Cost efficiency and stability	<ul style="list-style-type: none"> • Strengthen staff sourcing relationships to ensure Radius Care can continue to effectively and economically source staff from overseas • Minimise use of bureau staff through roving facility and clinical managers • Seek scale efficiencies through bulk procurement (particularly as portfolio grows) • Enhance business intelligence and reporting to gain greater insights for more rapid decision making
Grow Radius Care Online Shop	<ul style="list-style-type: none"> • Expand product offered by the Radius Care Online Shop with the goal of becoming the largest retailer in New Zealand of specialist elderly products • Maximise margins, via direct import from manufacturers

Radius Care retirement village business

Radius Care's retirement village business predominantly offers a villa style rather than apartment product.

Both of Radius Care's two retirement villages are co-located with Radius Care aged care facilities (however both are owned by Radius Care, while the corresponding aged care facilities are leased). Radius Care sees increasing its retirement village offering as a core part of its growth strategy but remains committed to being a predominantly aged care provider (as outlined on page 20).

Radius Care has a minimum age requirement for its retirement village facilities of 70 years, with its average resident age being 80.1 years as at 30 September 2020.

Retirement village business strategy

Radius Care's strategy for its retirement village business is as follows:

Drivers	Initiatives
Optimise DMF contracts	<ul style="list-style-type: none"> Replace remaining legacy unit titles with Radius Care's new standard form ORA (with a 30% DMF structure accrued over a contractual term of three years) as applicable units come up for resale As at 30 September 2020 Radius Care had five remaining legacy unit title contracts out of a total of 76 Units
Increase resale margins	<ul style="list-style-type: none"> Continue to seek increases in pricing of Units where market dynamics allow - i.e. ensure Unit pricing keeps pace with broader house price inflation Use strong aged care offering as a sales mechanism for retirement village product.

Radius Care growth strategy

Radius Care has a clear strategy for growth which builds on its strong existing development and acquisition capabilities and seeks to benefit from an enhanced ability to access capital following its NZX listing (allowing it to quickly execute and fund opportunities as they arise).

Radius Care's growth strategy focuses on:

1. Purchasing the land and buildings of strategically important facilities it currently operates;
2. Brownfield Development;
3. Greenfield Development; and
4. Opportunistic value accretive acquisitions.

In order to accelerate Radius Care's growth strategy, Brien Cree transitioned into an Executive Chairman role in June 2020, focused specifically on the formulation and execution of Radius Care's next phase of growth. Stuart Billbrough, Radius Care's CFO between 2010 and 2017, returned in 2020 as CEO responsible for all day-to-day activities.

I) Purchase of the land and buildings of strategically important facilities Radius Care currently operates

Radius Care seeks to purchase the land and buildings of facilities it operates where this provides greater freedom and control to pursue value enhancing activities. Specifically, Radius Care will seek to purchase land and buildings where:

- there is clear development potential which is constrained by the landlord either as a result of the landlord's limited funding capacity or where the landlord is otherwise constrained;
- the landlord has the financial capacity to fund development, but the rental increase sought is unattractive;
- Radius Care's legal position is enhanced through direct ownership, specifically at facilities where Radius Care believes a Care Suite product is optimal;
- there is an ability to purchase the land and buildings at an attractive price; and/or
- there is a financial benefit available from debt (or debt and equity) funding the facility at a more attractive rate than the rental charge.

Radius Care has purchased the land and buildings at:

- St Helenas – 52 Care Beds operated since September 2003 and purchased in May 2013;
- Thornleigh Park – 63 Care Beds operated since August 2004 and purchased in December 2013; and
- Lexham Park – 63 Care Beds operated since April 2004 and purchased in July 2019,

with each of these acquisitions meeting Radius Care's strategic objectives.

Where there is not a clear strategic rationale for the purchase of the land and buildings of any currently operated facilities, Radius Care intends to continue to lease those facilities. As such Radius Care expects, over the longer term, to continue to operate a mixture of owned and leased facilities.

Discussions with landlords about acquiring the land and buildings at facilities operated by Radius Care occur periodically as part of the ordinary course of business. Radius Care has a right of first refusal at all facilities but one.

Case study: Lexham Park

52 Care Beds – operated since 2004, purchased in 2019



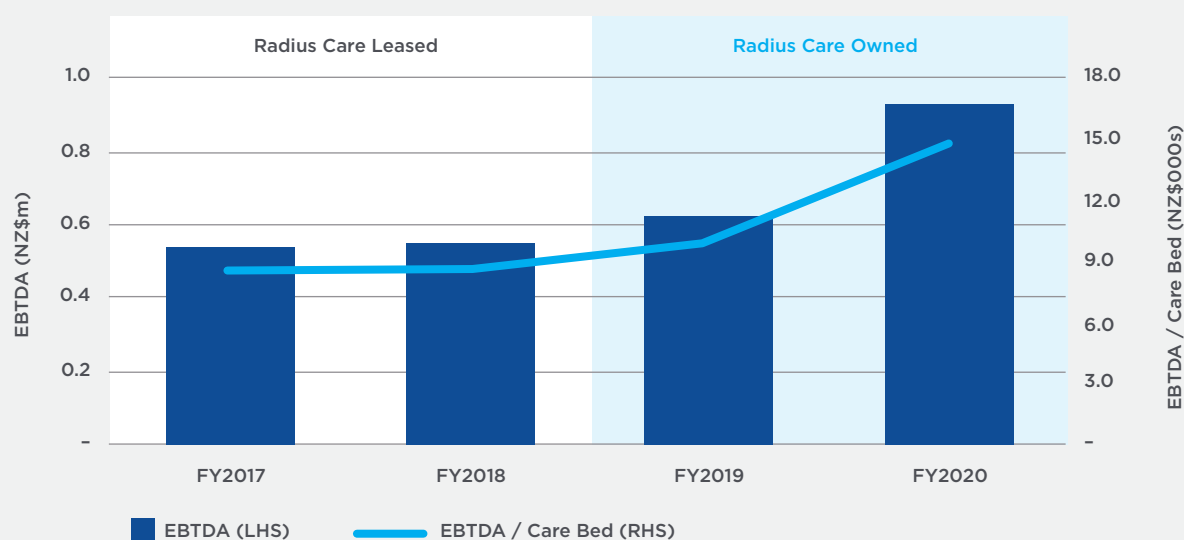
Allows development which would otherwise not be possible



Allows for future Care Suite development



Net saving (rent less interest) >\$200k p.a.

**II & III) Brownfield and Greenfield Developments**

Radius Care has significant experience in undertaking both Brownfield and Greenfield Developments including:

Brownfield Developments

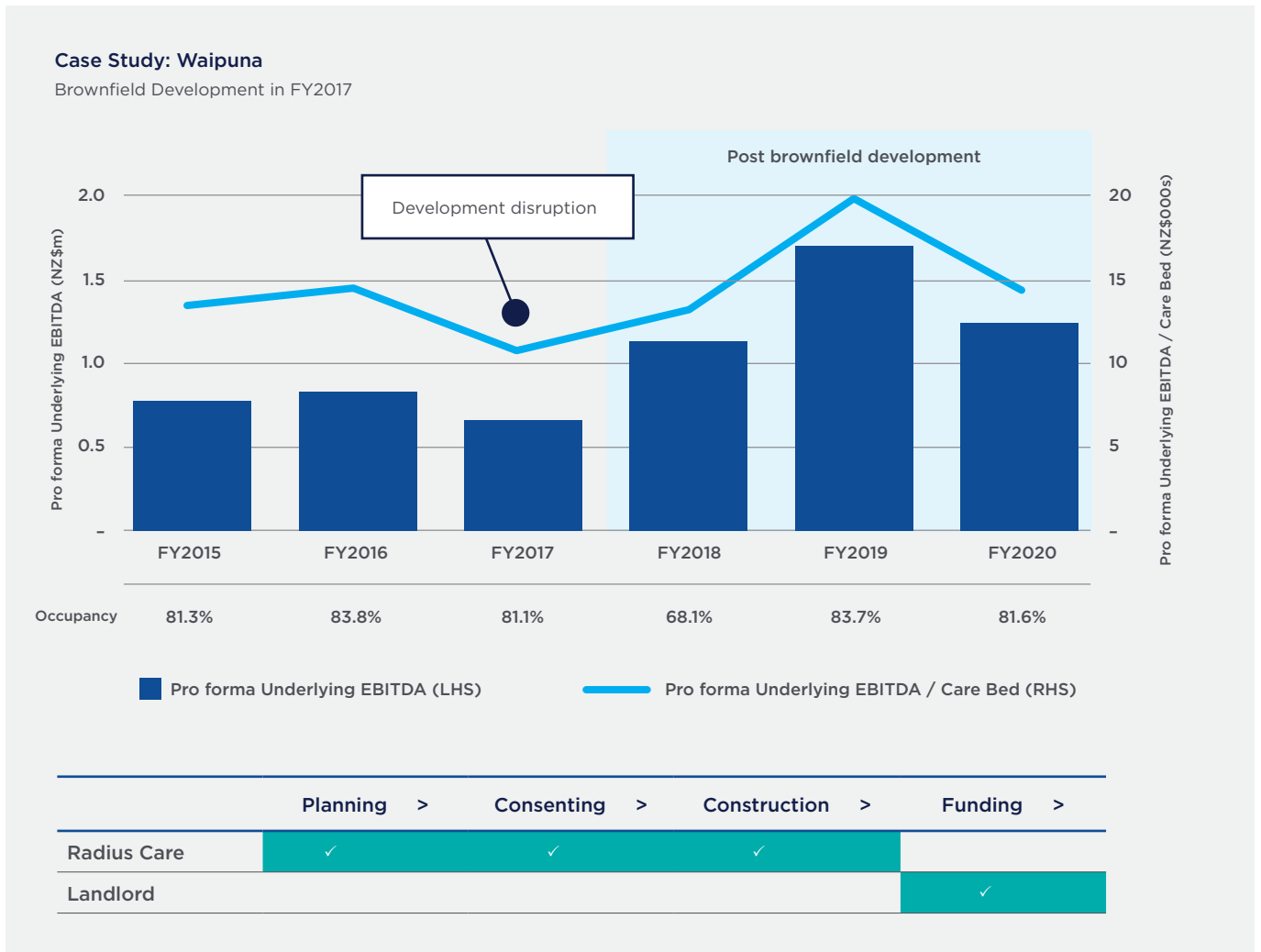
- **December 2016:** 27 Care Beds at Elloughton Gardens in Timaru
- **January 2017:** 28 Care Beds at Waipuna in Auckland
- **June 2017:** 15 Care Beds at Windsor Court in Ohaupo

Greenfield Developments

- **May 2016:** 80 Care Beds at Millstream in Ashburton
- **June 2017:** 80 Care Beds at Glaisdale in Hamilton
- **June 2020:** 54 Units at Elloughton Grange Village in Timaru

Historically, Radius Care has been heavily involved in leading and coordinating the planning process for developments, including location, layout, size and design. Consenting and construction processes have typically been handled by 3rd party contractors, while the funding has been provided by the landlord. Going forward, Radius Care envisages a similar process with greater emphasis on funding its own developments. To support this, Radius Care hired a specialist Development Manager in May 2019 and will look to continue to build out its own internal development and acquisition capabilities.

Set out below are two recent case studies illustrating the strong outcomes achieved by historical Brownfield and Greenfield Developments undertaken by Radius Care.



Radius Care undertook a Brownfield Development at Waipuna increasing the total number of Care Beds by 28 from 58 to 86. Radius Care oversaw all aspects of the development on behalf of the landlord.



A retirement village owner approached Radius Care to develop and operate an aged care facility alongside his existing retirement village, to increase the attractiveness of his retirement village. Radius Care assisted in the design and development of an 80 Care Bed facility with Radius Care then becoming the operator of the facility post its development.

Radius Care considers the following development characteristics to be optimal for its growth objectives:

- **Brownfield Developments:** these are assessed on an individual business case that confirms a development would add value to an existing facility (such developments could include extensions to, or a reconfiguring of, existing facilities); and
- **Greenfield Developments:** Radius Care sees the optimal Greenfields Developments to comprise a boutique integrated aged care and retirement village of a minimum of 4.5 hectares in size in regional or main centres, accommodating a minimum of 100 Care Beds/Care Suites and 100 Units, but will consider other value accretive Greenfield Developments that present themselves.

Over the next three years, Radius Care intends to undertake:

- two Brownfield Developments on owned facilities, totalling approximately 44 Care Beds/Care Suites and 20 Units in aggregate;
- three Brownfield Developments on leased facilities, totalling approximately 60 Care Beds/Care Suites and 20 Units in aggregate; and
- two Greenfield Developments, totalling approximately 200 Care Beds/Care Suites and 200 Units in aggregate.

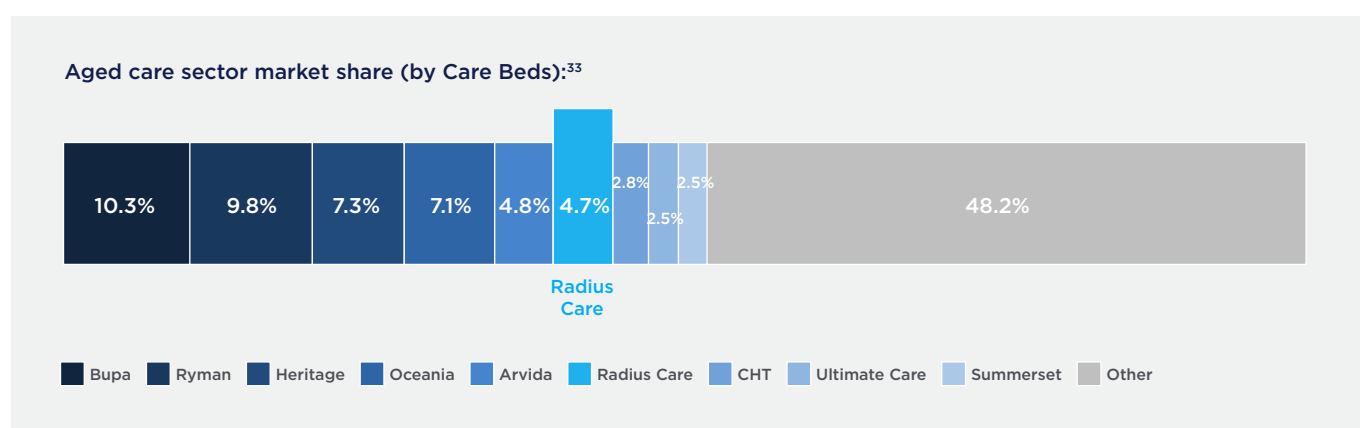
Radius Care has a right (but not an obligation), exercisable at any time up until 2 April 2021, to acquire a c.4.3 hectare property at Main North Road, Belfast, Christchurch that Brien Cree has contracted to acquire from an unrelated third party (see page 52 for further detail), which could form part of the Greenfield Development pipeline above. The Board intends to consider exercising this right if Radius Care can obtain:

- resource consent and funding for the development of an integrated aged care facility and retirement village on the property, totalling approximately 70 Care Beds, 30 Care Suites and 94 Units, on terms satisfactory to Radius Care; and
- an independent valuation confirming that the property's fair value after resource consent is granted exceeds the purchase price of the property (including the price to Radius Care of its right to acquire the property).

An application for resource consent for the development of the Christchurch property has been submitted and a decision is expected before April 2021. There is no guarantee that resource consent will be granted or granted on the terms sought by Radius Care. There is similarly no guarantee that Radius Care will exercise its right to acquire the Christchurch property.

IV) Opportunistic value accretive acquisitions

The aged care sector remains highly fragmented. Radius Care considers that a number of operators in the industry may re-evaluate their positions following the recent COVID-19 disruptions (see page 43 for further details), creating potential acquisition opportunities.



³³ CBRE analysis, September 2020. Oceania is adjusted to include Care Suites given these are a significant part of its care offering.

Radius Care has a strong track record of undertaking acquisitions having completed the acquisition of 26 facilities comprising 1,998 Residences (compared to a net 22 aged care facilities and two retirement villages comprising 1,790 Residences retained today after facility sales and one facility permanently closed as a result of the Christchurch earthquakes³⁴) since its formation in 2003. With Radius Care's strategic pivot towards owning the facilities it operates, Radius Care will seek to acquire both the facility and its operations.

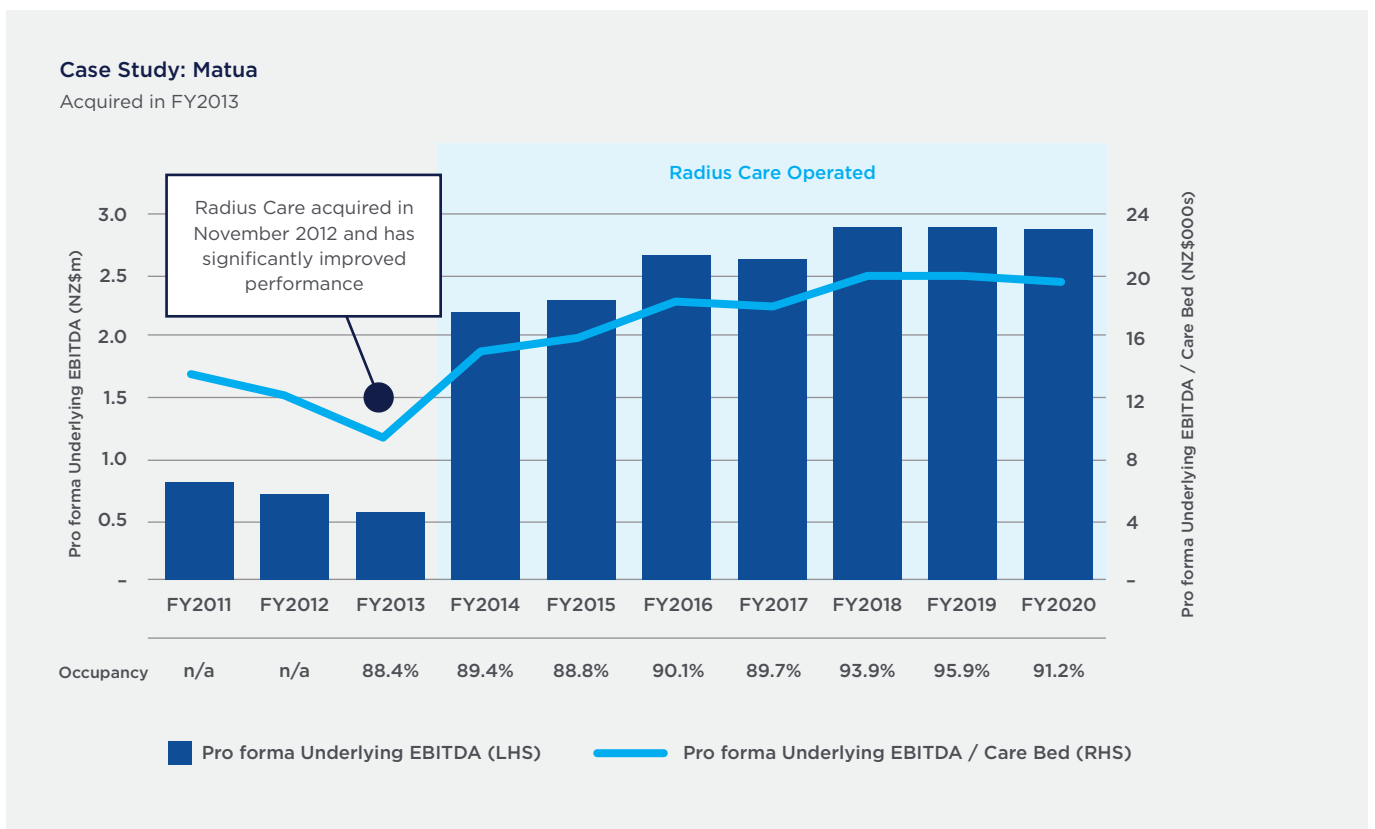
List of Radius Care acquisitions and sales:

Date	Location	Transaction type	Care Beds / Suites acquired	Units acquired	Care beds sold / decommissioned	Units sold / decommissioned
31 Mar 03	Heatherlea	Purchase of business	54	-	-	-
26 Sep 03	St Helenas	Purchase of business	52	-	-	-
20 Dec 03	Taupaki	Purchase of business	60	-	-	-
20 Feb 04	Hampton Court	Purchase of business	57	-	-	-
20 Apr 04	Windsor Court	Purchase of business	76	22	-	-
20 Apr 04	Lexham Park	Purchase of business	65	-	-	-
5 May 04	St Ives	Purchase of business	56	-	-	-
21 May 04	Kensington	Purchase of business	97	-	-	-
1 Jul 04	Seaview	Purchase of business	34	-	-	-
20 Aug 04	Thornleigh Park	Purchase of business	65	-	-	-
30 Nov 04	Potter Home	Purchase of business	57	-	-	-
30 Nov 04	Rimu Park	Purchase of business	53	-	-	-
30 Nov 04	Lester	Purchase of business	35	-	-	-
22 Nov 04	Glenbrae	Purchase of business	41 Care Beds + 17 Care Suites	79	-	-
16 Dec 04	Peppertree	Purchase of business	60	-	-	-
1 Mar 05	Elloughton Gardens	Purchase of business	64	-	-	-
31 Mar 05	Hawthorne	Purchase of business	99	-	-	-
31 Mar 05	St Joans	Purchase of business	100	-	-	-
31 Mar 05	Waipuna	Purchase of business	65	-	-	-
31 Oct 05	Fulton Home	Purchase of business	94	-	-	-
7 Sep 06	Baycare	Purchase of business	45	-	-	-
20 Dec 06	Arran Court	Purchase of business	102	-	-	-
24 Feb 10	Glenbrae	Sale of business	-	-	41 Care Beds + 17 Care Suites	79

³⁴ Radius Care has sold facilities at Glenbrae, Lester and Seaview and closed a facility at St Ives following the Christchurch Earthquakes.

Date	Location	Transaction type	Care Beds / Suites acquired	Units acquired	Care beds sold / decommissioned	Units sold / decommissioned
22 Feb 11	St Ives	Insurance settlement	-	-	56	-
7 Nov 12	Matua	Purchase of business	153	-	-	-
5-Apr-13	Elloughton Grange Village	Purchase of land	-	-	-	-
9 May 13	St Helenas	Purchase of land/ buildings	-	-	-	-
1 Aug 13	Lester	Sale of business	-	-	35	-
19 Dec 13	Thornleigh Park	Purchase of land/ buildings	-	-	-	-
31 Mar 14	Seaview	Purchase of land/ buildings	-	-	-	-
8 May 15	Seaview	Sale of business	-	-	34	-
9 Oct 15	Althorp	Purchase of business	117	-	-	-
4 Jul 16	Millstream	Developed new business	80	-	-	-
28 Apr 17	Seaview	Sale of land/ buildings	-	-	-	-
1 Jun 17	Glaisdale	Developed new business	80	-	-	-
31 Jul 19	Lexham	Purchase of land/ buildings	-	-	-	-
1 Sep 19	Millstream Apartments	Lease of land/buildings	19	-	-	-
Total			1,880 Care Beds + 17 Care Suites	101	166 Care Beds + 17 Care Suites	79

Set out below is a case study of Radius Care’s November 2012 acquisition of Matua whereby Radius Care became the operator of the facility while ownership of the land and buildings was retained by the landlord.



Impact of COVID-19 on Radius Care and the sector

	Implications for sector and key responses	Actions taken by Radius Care and key impacts
Aged care operations	<p><i>Implications for sector</i></p> <ul style="list-style-type: none"> • Sector responsible for care of elderly residents of materially greater vulnerability (if infected) than wider community <p>Key responses</p> <ul style="list-style-type: none"> • Aged care operations deemed to be an essential service, continuing throughout lockdowns • Some increase in costs (particularly around the need for additional PPE) but offset by additional MoH funding for COVID-19 related expenses 	<p>Actions</p> <ul style="list-style-type: none"> • Policies and procedures already in place to deal with infectious disease, given in particular existing infection control protocols and procedure upgrades in early 2000s due to Bird Flu risk • Frequent communication with MoH, DHBs and other aged care providers <p>Impacts</p> <ul style="list-style-type: none"> • Limited impact on occupancy, with marginal increase experienced. Strong reputation for care and ongoing resident communication, and promotional activity has assisted new resident confidence • No material stresses or negative implications evident on key suppliers • <u>As at 30 November 2020, no resident COVID-19 cases reported</u>
Retirement village operations	<p><i>Implications for sector</i></p> <ul style="list-style-type: none"> • Sector demographic less vulnerable than aged care residents but still at greater risk than wider community <p>Key responses</p> <ul style="list-style-type: none"> • Prospective residents unable to be shown round facilities during lockdowns, temporarily impacting resales and new sales volumes • Development activities generally not deemed to be essential requiring most development activity to pause 	<p>Actions</p> <ul style="list-style-type: none"> • Wage subsidy support not required (with Radius Care not meeting revenue loss thresholds in any event) <p>Impacts</p> <ul style="list-style-type: none"> • More limited impact to Radius Care given retirement village business materially smaller (than aged care business) and minimal development currently underway • <u>As at 30 November 2020, no resident COVID-19 cases reported</u>
Staff and residents	<p><i>Implications for sector</i></p> <ul style="list-style-type: none"> • Increased requirements including: <ul style="list-style-type: none"> • Isolation requirements for residents and staff • Screening facility entrants • Restricting visitors to essential visitors only <p>Key responses</p> <ul style="list-style-type: none"> • With increased unemployment in the wider economy there is greater focus on “repurposing” people into the sector 	<p>Actions</p> <ul style="list-style-type: none"> • No reduction to staff hours or pay rates implemented • No movement of staff between facilities to limit infection control <p>Impacts</p> <ul style="list-style-type: none"> • Staff retention has improved • <u>As at 30 November 2020, no staff COVID-19 cases reported</u>

Further information on the financial impact of COVID-19 on Radius Care is included in the Pro forma Underlying Statement of Comprehensive Income on page 62 in Section 4 (*Radius Care’s financial information*), which separately sets out the additional COVID-19 related expenses incurred by Radius Care as well as the offsetting Government subsidy received.

Radius Care's Directors and Senior Management

Board of Directors

Radius Care's Board currently comprises:



Brien Cree
Executive Chairman and
Managing Director

Brien Cree is the founding shareholder of Radius Care and has been Managing Director from the company's inception in 2003. Brien has built the Radius Care's property portfolio from nothing to its current 22 aged care facilities and two retirement villages. As Executive Chairman and Managing Director, Brien is focused on the formulation and execution of Radius Care's strategic growth objectives.

Brien has more than 30 years' experience in the aged care sector. He is a board member of the NZACA and past board member of the Retirement Villages Association.



Duncan Cook
Non-Executive Director
LLB

Duncan Cook has been a director of Radius Care since 2010, and worked with Radius Care's founders to establish, structure and grow Radius Care's business. Duncan is a partner at Sharp Tudhope Lawyers (Tauranga and Auckland) and has over 30 years' experience in practice. His key areas of practice are mergers and acquisitions, and turnaround and restructuring. Duncan is a member of the New Zealand Law Society, Institute of Directors New Zealand (Inc) and Restructuring Insolvency & Turnaround Association New Zealand Incorporated.

Duncan has governance experience across a range of industry sectors, including fishing, exports and housing construction. He has volunteered on the boards of the Tauranga Chamber of Commerce and agencies associated with economic development in the Tauranga region.



Bret Jackson
Non-Executive Director
*BCom (Honours),
MBA (Harvard Business School)*

Bret Jackson has been a director of Radius Care since 2014. Bret is an experienced business professional with over two decades of business experience. Bret is a co-founder of Knox Investment Partners (a leading private equity manager) and has been a Managing Director of Knox Investment Partners since 2005 (focusing on deal origination, strategy and value creation). Bret has represented Knox Investment Partners on the board of every portfolio investment made by it and is currently Chairman of AAM Group in Australia. Bret is also a past President of the Harvard Business School Alumni Association of New Zealand. Previously Bret held corporate roles at Mobil Oil New Zealand, as a management consultant at Boston Consulting Group (Sydney and London) and has founded and successfully operated his own private businesses.



Timothy Sumner

Non-Executive Director

BCom, DipGrad, CA

Tim Sumner has been a director of Radius Care since 2014. Tim is a New Zealand Chartered Accountant and finance professional with over two decades of financial services experience. He started his career with KPMG (Auckland and Moscow) and then moved into banking and private equity with Credit Suisse (London and New York). Tim is a co-founder of Knox Investment Partners and has worked as a Managing Director of Knox Investment Partners since 2005, focusing on deal structuring and execution and fund administration.



Mary Gardiner

Independent Director

BCom, CA, FCIS, MInstD

Mary Gardiner was appointed as an independent director of Radius Care in December 2020. She is an independent director and chair of the Audit and Risk Committee of Southern Cross Pet Insurance, Chair of Netball Northern Zone and trustee of Mangere Mountain Education Trust, an Auckland Council controlled organisation.

Mary has previously been Chair of Auckland Netball Centre and Badminton NZ. Her commercial experience includes roles as Chief Financial Officer of Instant Finance and Radius Health Group, and Governance Risk Manager at Air New Zealand, following a career focused primarily in financial services with KPMG in New Zealand, Germany and Australia. Mary is a member of the Institute of Directors, Fellow of Governance New Zealand and is a New Zealand Chartered Accountant.



Hamish Stevens

Independent Director

MCom (Honours), MBA, CA, CInstD

Hamish was appointed as an independent director of Radius Care in December 2020. Hamish is an Auckland based independent director having held directorships in both the listed and private company sectors since 2010. Hamish is also currently Chair of Evolve Education Group, East Health Services and Pharmaco and a director of Marsden Maritime Holdings, Pacific Radiology Group and Counties Power. Prior to his governance career Hamish held senior finance positions with Heinz Wattie, Tip Top Ice Cream and DB Breweries. Hamish is a qualified chartered accountant and a chartered member of the Institute of Directors.

Senior Management

Radius Care's senior management team currently comprises:

Brien Cree

Managing Director

See biography in this section under the heading "Board of Directors" on previous page.



Stuart Bilbrough

Chief Executive Officer
BCom, MBA (Distinction), CA

Stuart Bilbrough was appointed Chief Executive Officer of Radius Care in June 2020, following successful roles in the healthcare industry. He was Chief Financial Officer at Radius Care from 2010 to 2017. Stuart has over 30 years' experience in finance roles in industries including healthcare, fast moving consumer goods (FMCG), logistics, telecommunications and financial services. Notable companies include PricewaterhouseCoopers, Fonterra, Deutsche Bank and American Express. Stuart is a New Zealand Chartered Accountant and holds an MBA with distinction from Massey University. Stuart is a board member of the New Zealand Underwater Association Inc.



Jane Smart

Chief Operations Officer
BSc Physiotherapy, Dip. Business Administration, MBS

Jane Smart was appointed Chief Operations Officer of Radius Care in February 2011. She has over 30 years' experience in healthcare and extensive experience in the aged care sector. Jane has spent most of her career in leadership and management positions.



Steven Heesen

General Manager, Commercial Services
Bachelor of International Hospitality & Hotel Management (Hons)

Steven Heesen joined Radius Care in 2007 and heads up the Radius Care commercial services team. He has over 20 years' experience in hospitality management and over 16 years' experience in the aged care sector. His disciplines include all property matters, procurement, marketing, hospitality and information services. Steven was trained in Europe and has a business management degree.



Michelle Slabber

General Manager, Finance
BCom (Hons), CA

Michelle Slabber joined Radius Care in 2016. Michelle has nearly 25 years' experience in finance roles in various industries including healthcare and financial services. Michelle trained with PricewaterhouseCoopers in South Africa and is a New Zealand Chartered Accountant.

Substantial product holders and relevant interests in Radius Care

Substantial product holders

As at the date of this Profile the following persons have, and immediately after listing will have, a relevant interest in 5% or more of the Shares in Radius Care:

Person and nature of relevant interest	Number of Shares	% of Shares
Wave Rider Holdings Limited is the registered holder and beneficial owner of Shares as trustee for the Wave Rider Trust. As a result of Brien Cree having the right to appoint and remove trustees of the Wave Rider Trust, he has a relevant interest in Shares held by Wave Rider Holdings Limited as trustee for the Wave Rider Trust.	95,312,500	54.00%
Knox Investment Partners is the manager of Knox Fund IV NZD LP and Knox Fund IV AUD LP (" Knox Funds "). As a result of the management role performed by Knox Investment Partners for the Knox Funds, Knox Investment Partners has a relevant interest in the Shares held by the Knox Funds, being: <ul style="list-style-type: none"> • 22,501,977 Shares held by Knox Fund IV NZD LP; and • 4,320,051 Shares held by Knox Fund IV AUD LP. Each of Bret Jackson and Timothy Sumner also has a relevant interest in the Shares held by the Knox Funds as, by virtue of being a director of Knox Investment Partners, he has (together with the other) the power to control the exercise of the rights attaching to the Shares held by the Knox Funds.	26,822,028	15.20%
Knox Fund IV NZD LP is the registered holder and beneficial owner of Shares.	22,501,977	12.75%
ROC Capital Pty Limited is the manager of ACT Private Equity No.3 Fund, ROC Alternative Investment Trust VI and ROC Asia Pacific Co-Investment Fund II (" ROC Funds "). As a result of the management role performed by ROC Capital Pty Limited for the ROC Funds, ROC Capital Pty Limited has a relevant interest in the Shares held by Perpetual Corporate Trust Limited as custodian for the ROC Funds as follows: <ul style="list-style-type: none"> • 5,994,760 Shares held on behalf of ACT Private Equity No.3 Fund; • 5,994,760 Shares held on behalf of ROC Alternative Investment Trust VI; and • 5,994,760 Shares held on behalf of ROC Asia Pacific Co-Investment Fund II. 	17,984,280	10.19%

Shareholdings held by directors and senior managers

The table below sets out the equity securities in Radius Care that the directors and senior managers of Radius Care have an interest in at the date of this Profile and will likely have an interest in immediately after listing.

Director / senior manager	Nature of relevant interest	Number of Shares	% of Shares
Brien Cree	Has the power to control the exercise of the rights attaching to the Shares held by Wave Rider Holdings Limited as trustee of Wave Rider Trust, by virtue of having the power to appoint and remove trustees of the Wave Rider Trust.	95,312,500	54.00%
Bret Jackson	Has a relevant interest in 2,612,562 Shares held by Takatimu Investments Limited as trustee of the Takatimu Investment Trust, by virtue of being the sole shareholder and a director of Takatimu Investments Limited. Has a relevant interest in a further 26,822,028 Shares as, by virtue of being a director of Knox Investment Partners, together with Timothy Sumner, he has the power to control the exercise of the rights attaching to the Shares held by the Knox Funds.	29,434,590	16.68%
Timothy Sumner	Is the registered holder and beneficial owner of 997,456 Shares. Has a relevant interest in a further 26,822,028 Shares as, by virtue of being a director of Knox Investment Partners, together with Bret Jackson, he has the power to control the exercise of the rights attaching to the Shares held by the Knox Funds.	27,819,484	15.76%
Duncan Cook	Registered holder and beneficial owner	375,000	0.21%
Jane Smart	Registered holder and beneficial owner	343,750	0.19%
Steven Heesen	Registered holder and beneficial owner	281,250	0.16%
Stuart Billbrough	Registered holder and beneficial owner	187,500	0.11%
Michelle Slabber	Registered holder and beneficial owner	12,500	0.01%

Other equity securities of Radius Care

As at the date of this Profile, there are no other classes of Radius Care equity securities.

Under the Constitution, any other class of equity securities of Radius Care that ranks equally with, or in priority to, the Shares may be issued without a special resolution of the holders of the Shares. However, the issue of new equity securities in Radius Care is governed by the NZX Listing Rules, which require the approval by ordinary resolution of the holders of the Shares to the issue of new equity securities, except in certain circumstances set out in the NZX Listing Rules.

Director remuneration and benefits

The table below sets out the total of the remuneration and the value of other benefits received by each director of Radius Care in respect of Radius Care or any other member of the Radius Care Group during FY2020 and expected to be received in FY2021.

Director	Remuneration and value of other benefits received in FY2020	Expected remuneration and value of other benefits expected to be received in FY2021		
	Total	Base Fee ³⁵	Committee Work ³⁶	Total
Brien Cree	\$870,000 ³⁷ (as Managing Director)	\$870,000 (as Managing Director)		
Duncan Cook ³⁸	\$128,000	\$115,333	\$4,000	\$119,333
Bret Jackson	Nil	\$92,500	\$2,000	\$94,500
Timothy Sumner	Nil	\$92,500	\$2,000	\$94,500
Mary Gardiner	Nil	\$30,000	\$4,000	\$34,000
Hamish Stevens	Nil	\$30,000	\$4,000	\$34,000

The remuneration and other benefits to be provided to the directors during the next financial year (being FY2022) are expected to be consistent with the amounts payable from 1 December 2020 for the remainder of FY2021 on an annualised basis. As at the date of this Profile, the directors are expected to receive the following annual directors' fees in FY2022:

Position	Fees per annum
Chair	Nil (as Executive Chair Brien Cree will not receive any fees in his capacity as a director)
Directors (other than the Chair)	\$90,000
Committee Chair	\$12,000
Committee members	\$6,000

The fees for directors of Radius Care (in their capacity as directors) that apply from listing have been fixed as a total pool of up to \$800,000 per annum. In FY2022, the total fees payable to directors of Radius Care (in their capacity as directors) is expected to be \$522,000 excluding the Executive Chairman and Managing Director.

The directors are entitled to be reimbursed for all reasonable travel, accommodation and other expenses incurred by them in connection with their attendance at Board or shareholder meetings, or otherwise in connection with Radius Care's business.

³⁵ With effect from 1 December 2020, the base fee for directors (other than the Chair) has been set at \$90,000 per annum.

³⁶ With effect from 1 December 2020, the base fee for being a Board committee chair has been set at \$12,000 per annum and the base fee for being a Board committee member has been set at \$6,000 per annum.

³⁷ Remuneration received in Brien Cree's capacity as Managing Director of Radius Care (comprising salary of \$800,000 and a car allowance of \$70,000).

³⁸ Duncan Cook is a partner at Sharp Tudhope and, through Sharp Tudhope, provides legal services to Radius Care. Radius Care pays fees to Sharp Tudhope for the provision of such legal services. In FY2020 such fees totalled \$106,000.

Employee remuneration

The number of employees or former employees of Radius Care (not being directors of Radius Care) who, during FY2020, received remuneration and other benefits in their capacity as employees that in value was or exceeded \$100,000 per annum was as follows:³⁹

Remuneration	Number of employees
\$100,000 - \$109,999	7
\$110,000 - \$119,999	3
\$120,000 - \$129,999	7
\$130,000 - \$139,999	3
\$140,000 - \$149,999	5
\$160,000 - \$169,999	1
\$190,000 - \$199,999	1
\$290,000 - \$299,999	1

³⁹ Note that this table does not include any remuneration for Stuart Billbrough, as he rejoined Radius Care as CEO in FY2021.

Employee incentives

Following its listing on the NZX Main Board, Radius Care intends to establish a new long-term incentive plan (“**LTI Plan**”) for senior executives, to incentivise and retain those employees.

Under the LTI Plan, participants will be granted performance share rights (“**PSRs**”) which, upon vesting, entitles the participant to subscribe for, or be transferred, one Share for each PSR. Vesting of PSRs will be subject to meeting the vesting conditions set by the Board. The Board has an absolute discretion to invite employees to participate in the LTI Plan and to set the terms and conditions of PSRs at the time they are granted, including the number of PSRs to be granted and any vesting conditions.

No grants of PSRs have been made as at the date of this Profile.

Material interests in the Radius Care Group

Brien Cree is a director of, and has an interest in approximately 24% of the shares in, Cibus Catering Limited (“**Cibus**”). Cibus and Radius Care are party to a contract catering agreement (“**Catering Agreement**”) under which Cibus provides catering and catering consulting services to nine of Radius Care’s facilities. The annual amount currently paid to Cibus Catering by Radius Care under the Catering Agreement is approximately \$4.4 million. The current term of the Catering Agreement expires on 2 September 2024 and Cibus has a right to renew the Catering Agreement for a further five year term after the expiry of the initial term. Either party may terminate the Catering Agreement without cause on six months’ notice to the other party.

Brien Cree and Wave Rider Holdings Limited (as trustee of the Wave Rider Trust) have provided personal guarantees to one landlord in respect of Radius Care Group’s obligations under the various premises leases entered into with that landlord. Wave Rider Holdings Limited and Radius Care have entered into a guarantee fee deed under which Radius Care is to pay a fee (payable quarterly) to Wave Rider Holdings Limited equivalent to 3.5% of the annual rental and other moneys payable under the leases guaranteed by Brien Cree and Wave Rider Holdings Limited. For FY2021, the amount payable by Radius Care under this guarantee fee deed is expected to be approximately \$85,937, and for FY2022 (being the first full financial year after the date of this Profile, the amount payable is expected to be approximately \$175,301. The directors of Radius Care (other than Brien Cree) are satisfied that the annual fee payable to Wave Rider Holdings Limited under this arrangement is consistent with the fees that would be chargeable by third party providers to provide similar lease guarantee arrangements.

Brien Cree and Radius Care are party to an agreement to assign (“**Assignment Agreement**”) under which Brien Cree has agreed to assign to Radius Care his rights under an agreement for sale and purchase of real estate (“**Land SPA**”) to acquire a c.4.3 hectare development property at Main North Road, Belfast, Christchurch for a purchase price of \$5.8 million (of which a non-refundable deposit of \$300,000 has already been paid) from an unrelated third party. The Assignment Agreement is conditional on the Board approving the Assignment Agreement on or before 2 April 2021. The Board (excluding Brien Cree as an interested director) intends to consider approving the Assignment Agreement if it can obtain:

- resource consent and funding for the development of an integrated aged care facility and retirement village on the property, totalling approximately 70 Care Beds, 30 Care Suites and 94 Units, on terms satisfactory to it; and
- an independent valuation that confirms that the property’s fair value after resource consent is granted exceeds the purchase price of the property (including the consideration payable to Brien Cree by Radius Care for the assignment of his rights under the Land SPA).

An application for resource consent for the development of the Christchurch property has been submitted and a decision is expected before April 2021. There is no guarantee that resource consent will be granted or granted on the terms sought by Radius Care. There is similarly no guarantee that Radius Care will exercise its right to acquire the Christchurch property.

The consideration payable by Radius Care to Brien Cree under the Assignment Agreement for the assignment of his rights under the Land SPA is \$700,000 (inclusive of GST, if any). This includes a non-refundable deposit already paid by Radius Care of \$300,000, being an amount equal to the non-refundable deposit already paid by Brien Cree under the Land SPA. If the Board approves the Assignment Agreement and it becomes unconditional, the balance of the consideration payable to Brien Cree (being \$400,000) is payable on settlement under the Assignment Agreement on 16 April 2021, and the balance of the purchase price for the property under the Land SPA (being \$5.5 million) is payable to the third party vendor on settlement under the Land SPA. Settlement under the Land SPA is due to occur on the later of 31 March 2021 and the issue of title in respect of the Christchurch property. If settlement under the Land SPA occurs before settlement under the Assignment Agreement, Brien Cree is to procure delivery of the Christchurch property to Radius Care on the same terms as if settlement under the Land SPA had occurred after the Assignment Agreement had become unconditional and Radius Care had accepted an assignment of the Land SPA.

Each of Radius Care’s senior managers (including Brien Cree) have entered into employment agreements with Radius Care.

Radius Care has granted indemnities, as permitted by the Companies Act, in favour of each of its directors and Chief Executive Officer. Radius Care also maintains insurance for its directors and officers.

Other material governance disclosures

Appointment of Directors

The Board has the power to appoint additional directors to the Board from time to time, in accordance with the NZX Listing Rules. Any director appointed by the Board must retire and seek re-appointment at the next Annual Shareholders' Meeting of Radius Care in accordance with the NZX Listing Rules.

Major shareholder

At listing, the shareholding of Wave Rider Holdings Limited in Radius Care will be 54.00%. This means that Wave Rider Holdings Limited will have the ability to pass an ordinary resolution of Radius Care shareholders (even without the support of other shareholders), and will also likely have the ability to control the outcome of a special resolution of Radius Care shareholders under the Companies Act.

Escrow arrangements

Each of Wave Rider Holdings Limited and the Knox Funds (together the "Escrowed Shareholders") have entered into escrow arrangements with Radius Care and ASB Bank Limited in respect of the following Shares ("Escrowed Shares"):

- for Wave Rider Holdings Limited, 88,423,995 Shares; and
- for the Knox Funds, 20,715,547 Shares.

Under these arrangements each Escrowed Shareholder has agreed not to sell or otherwise dispose of any Shares where such sale or disposal would result in the Escrowed Shareholder holding less than their specified number of Escrowed Shares until the earliest to occur of:

- the first date on which⁴⁰
 - Radius Care's equity ratio (the ratio of total shareholder funds to total assets of the Radius Care Group (excluding (i) in each case, the value of the village facilities recorded in the financial statements as investment property and (ii) in the case of shareholder funds only, the refundable occupation right agreements and indebtedness for borrowed money of Elloughton Grange Village Limited)) is 40% or more; and

- Radius Care's debt coverage ratio (the ratio of senior debt (excluding indebtedness for borrowed money of Radius Care Holdings Limited and Elloughton Grange Village Limited) to Pre NZ IFRS 16 EBITDA for the last 12 months) is less than 1.5 times;
- the date on which the Radius Care Group repays all indebtedness owed by it to ASB Bank Limited; and
- 29 July 2023.

These restrictions do not apply (and therefore Escrowed Shares can be sold) in the following circumstances: (i) where the Escrowed Shareholder transfers shares to an affiliate or replacement trustee who enters into arrangements on the same terms as these escrow arrangements, (ii) where the Escrowed Shareholder grants a security interest over its Shares in favour of a bona fide lender who agrees to be bound by these escrow arrangements, (iii) where a takeover offer is made under the Takeovers Code or a similar scheme of arrangement, (iv) where the Escrowed Shareholder sells Shares in connection with or after a capital raising undertaken by Radius Care that results in Radius Care's equity ratio being 40% or more and Radius Care's debt coverage ratio being less than 1.5 times and (v) with the written approval of Radius Care, the non-interested directors of Radius Care and ASB Bank Limited.

The Escrowed Shares held by the Escrowed Shareholders represent, in aggregate, 61.84% of the total Shares on issue at the time of listing.

Government funding contracts

A number of Radius Care's contracts for Government funding of its Care Beds (which in aggregate relate to just over half of Radius Care's Government funding for its Care Beds) contain change of control provisions that require Radius Care to obtain MoH/DHB consent if any person obtains or loses the ability to appoint a majority of the directors to the Board, which Wave Rider Holdings Limited has for so long as its shareholding is greater than 50%. Radius Care intends to seek the necessary MoH/DHB consent prior to undertaking any capital raising that could result in Wave Rider Holdings Limited's shareholding being reduced below 50%. While there can be no guarantee this consent will be forthcoming, Radius Care considers the risk of this consent not being obtained to be low given the services provided by Radius Care under those contracts will not be affected by any reduction in Wave Rider Holdings Limited's shareholding.

⁴⁰ See the Supplementary Financial Information document on the Radius Care Website for further detail on the definitions of Radius Care's equity ratio and debt coverage ratio.

3.

Key features of Radius Care shares



Shares

The key features of the Shares do not differ from those that generally apply to other ordinary shares in a company.

Shareholders who wish to sell their Shares on the NZX Main Board after listing must contact a broker and have a Common Shareholder Number (CSN) and an Authorisation Code (FIN).

Dividend policy

Dividends are declared at the Board's discretion, and depend on a number of factors, including Radius Care's financial performance, financial position, market conditions, future funding requirements and any contractual, legal or regulatory restrictions on the payment of dividends by Radius Care. The payment of dividends is not guaranteed and Radius Care's dividend policy may change over time. In declaring dividends, Radius Care must comply with the solvency test under the Companies Act and covenants in Radius Care's banking facilities.

Subject to a number of factors including those outlined above, Radius Care's dividend policy is to target a payout ratio of 50% to 70% of full financial year AFFO with an interim dividend to be paid in December and a final dividend to be paid in June of each year with each dividend comprising of approximately half of the expected full year dividend.

Given the timing of Radius Care's listing in mid-December 2020, the Board's current intention is to pay an interim dividend in respect of 1HY2021 in February 2021. As such, Radius Care intends to pay three dividends across the 2021 calendar year, expected to comprise of:

- A February 2021 dividend and a June 2021 dividend in relation to FY2021, equal to 50% of AFFO; and
- A December 2021 dividend in relation to 1HY2022, in line with its dividend policy (of 50% to 70% of AFFO).

Please refer to page 61 of Section 4 (*Radius Care's financial information*) for more information on implied dividend yields for FY2021 based on FY2021 Guidance.

4.

Radius Care's financial information



Introduction

The tables in this section provide key financial information about Radius Care. Full financial statements and other financial information are available on the Radius Care Website (www.radiuscare.co.nz). If you do not understand this financial information, you can seek advice from a financial adviser or an accountant.

The financial information in this Profile is presented in New Zealand dollars and is rounded, which may result in some discrepancies between the sum of the components and totals within tables, and also certain percentage calculations.

Information presented in this section contains the following types of financial information:

- **Statutory historical financial information**, as reported in Radius Care's financial statements. Historical financial information is sourced from Radius Care's audited full year financial statements and unaudited interim financial statements, which are available on the Radius Care Website. This document presents audited historical financial information on Radius Care for the financial years ended 31 March 2018 ("FY2018"), 31 March 2019 ("FY2019"), 31 March 2020 ("FY2020"), the unaudited six-month interim period ended 30 September 2020 ("1HY2021"), and the unaudited six-month interim period ended 30 September 2019 ("1HY2020") (collectively, the "Historical Period").

- **Pro forma Underlying historical financial information** which has been derived from the statutory historical financial information, with the following adjustments:

Pro forma adjustments

- *NZ IFRS 16 consistency adjustments:* As Radius Care leases the land and buildings of the majority of the facilities that it operates from, its adoption of NZ IFRS 16 in FY2020 has had a material impact on its statutory financial statements. Radius Care has applied a Pro forma adjustment to its FY2018 and FY2019 statements of comprehensive income to retrospectively reflect the impact of NZ IFRS 16 on these prior periods. This allows for like-for-like comparison for key financial metrics across time periods, on both a pre and post NZ IFRS 16 basis;
- *Non-recurring or infrequent items:* Removal of the one-off impact of COVID-19 related expenses and COVID-19 related government subsidy; and
- *Structural changes and other:* Adjustments to reflect on-going recurring listed and other company costs.

Underlying adjustments

- Adjustments to produce Underlying metrics typically reported by other NZX listed aged care and retirement village operators to allow for like-for-like comparison across peers in the sector. Key Underlying adjustments reflect removal of changes in fair value of investment properties, addition of realised development margins on new Unit sales and realised gains on Unit resales (and where appropriate removal of deferred tax expenses).

Taken in aggregate these adjustments produce various non-NZ GAAP Pro forma Underlying metrics including:

- Pro forma Underlying EBITDA;
- Pre-NZ IFRS 16 Pro forma Underlying EBITDA;
- Pro forma Underlying NPAT;
- Pre-NZ IFRS 16 Pro forma Underlying NPAT; and
- AFFO, which is a cash proxy used by Radius Care to determine the level of dividend it can support.

These adjustments are intended to allow investors to compare Radius Care's historical financial information on a consistent basis, to better understand the trends in financial performance, and to compare Radius Care to other NZX listed aged care and retirement village operators.

The non-NZ GAAP metrics outlined above have been prepared solely for the purpose of inclusion in this Profile. For further details on the Pro forma and Underlying adjustments, the principal assumptions on which they are based, and reconciliation to information prepared in accordance with NZ GAAP please refer to the information under the headings "Adjustments for Pro forma Underlying Metrics" and "Reconciliation of non-NZ GAAP to NZ GAAP Financial Information" on pages 74 and 72.

FY2021 Guidance

In addition to the historical financial information outlined above, this Profile also contains guidance for FY2021 for certain key financial metrics, namely Pro forma Underlying EBITDA, Pre-NZ IFRS 16 Pro forma Underlying EBITDA, and AFFO ("FY2021 Guidance"). This FY2021 Guidance is intended to provide additional information on Radius Care's near-term prospects based on the Board's assessment of events and conditions existing at the date of this Profile.

The FY2021 Guidance reflects:

- Actual historical financial performance for the six months ended 30 September 2020 (unaudited); and
- The Board's estimate of financial performance for the six months ending 31 March 2021 (taking into consideration any known material events up to 31 October 2020).

Guidance by its nature is inherently uncertain and represents a prediction of future events which cannot be assured. It involves various uncertainties and risks, many of which are beyond the control of Radius Care, and accordingly, actual results will likely vary from the information presented, potentially materially. As a result, neither the Board nor any other person can provide any assurance that the FY2021 Guidance will be achieved and so undue reliance should not be placed on the FY2021 Guidance provided. We encourage you to read the Profile in full and take due consideration of the information in Section 5 (*Risks to Radius Care's business and plans*) in particular.

Summary of key financials

Selected financial information¹

NZ\$m	FY2018	FY2019	FY2020	1HY2020	1HY2021
	12 months ended 31 March 2018	12 months ended 31 March 2019	12 months ended 31 March 2020	6 months ended 30 September 2019	6 months ended 30 September 2020
Financial period	Audited	Audited	Audited	Unaudited	Unaudited
Statement of Comprehensive Income:^{1,2}					
Revenue	100.2	110.1	113.7	55.9	61.3
Pro forma Underlying EBITDA	19.7	20.4	18.2	9.3	12.4
Pre-NZ IFRS 16 Pro forma Underlying EBITDA³	7.7	8.0	5.8	3.6	6.0
NPAT	3.8	4.2	(2.8)	(1.5)	2.1
Statement of Cash Flow items and cash proxies:					
Dividends declared	0.9	0.9	0.2	0.2	0.0
Net cash flows from operating activities	4.5	7.9	6.5	2.1	5.9
AFFO⁴	1.3	2.0	0.8	0.0	2.3
Statement of Financial Position:					
Right-of-use assets under NZ IFRS 16	-	-	181.4	184.1	179.4
Total assets	66.7	73.4	270.8	265.8	273.3
Cash and cash equivalents	1.8	4.2	2.3	2.1	4.6
Total external bank debt	22.3	20.5	31.4	31.8	30.6
Lease liabilities under NZ IFRS 16	-	-	185.3	186.3	185.0
Total debt	27.4	25.5	216.7	218.1	215.6
Total liabilities	52.0	55.5	250.0	249.4	250.4
Net assets	14.7	17.9	20.8	16.4	22.9

Notes:

- Radius Care first adopted NZ IFRS 16 for the FY2020 financial results. Statutory information for FY2020, 1HY2020, and 1HY2021 reflects the adoption of NZ IFRS 16, but statutory information for other time periods (i.e. FY2018 and FY2019) does not reflect the adoption of NZ IFRS 16. As such, line items (other than those denoted as "Pro forma Underlying" or "AFFO") may vary materially across time periods as a direct result of the timing of the adoption of NZ IFRS 16.
- The selected financial information is sourced from audited financial statements and unaudited interim financial statements that are available on the Radius Care Website. Some line items in the selected financial information include adjustments applied by Radius Care (denoted "Pro forma Underlying" and "AFFO"). For an explanation of Pro forma and Underlying adjustments in the selected financial information, please refer to the heading 'Reconciliation of non-NZ GAAP to NZ GAAP Financial Information' in this section of the Profile (page 72).
- Pre-NZ IFRS 16 Pro forma Underlying EBITDA is a non-NZ GAAP measure that includes Pro forma adjustments and Underlying adjustments as described under the section heading 'Reconciliation of non-NZ GAAP to NZ GAAP Financial Information' in this section of the Profile but does not reflect the adoption of NZ IFRS 16.
- AFFO is a non-NZ GAAP measure and is defined as outlined under the section heading 'Reconciliation of non-NZ GAAP to NZ GAAP Financial Information' in this section of the Profile.

FY2021 Guidance

For the year ending 31 March 2021, Radius Care expects to achieve:

- Pro forma Underlying EBITDA of between \$23.0 million and \$23.8 million;
- Pre-NZ IFRS 16 Pro forma Underlying EBITDA of between \$10.2 million and \$11.0 million; and
- AFFO of between \$2.9 million and \$3.5 million.

As noted previously, the FY2021 Guidance reflects the actual Pro forma Underlying historical performance for the first 6 months ended 30 September 2020 (shown in the table of Selected Financial Information above) and the Board's estimate of financial performance for the next six months ending 31 March 2021 (taking into consideration any known material events up to 31 October 2020).

Given the timing of Radius Care's listing in mid-December 2020, the Board's current intention is to pay an interim dividend in respect of 1HY2021 in February 2021. As such, Radius Care intends to pay three dividends across the 2021 calendar year, expected to comprise of:

- A February 2021 dividend and a June 2021 dividend in relation to FY2021, equal to 50% of AFFO; and
- A December 2021 dividend in relation to 1HY2022, in line with its dividend policy (of 50% to 70% of AFFO).

In addition to the above, Radius Care expects to incur in FY2021 one-off costs associated with its listing of approximately \$0.8 million (pre-tax).⁴¹

⁴¹ As noted on page 11, Harmos Horton Lusk Limited has received 250,000 Shares which form part of the \$0.8 million listing costs, but which are non-cash in nature.

Capitalisation measures

The Board has ascribed a listing price of \$0.80 per Share ("Listing Price"), based on its view of the equity value of Radius Care. It has been provided to inform investors of the value ascribed to Shares at listing by the Board. The Listing Price implies the valuation metrics, as set out in the table below. The price at which Shares will be traded on the NZX Main Board following listing will depend on the demand for, and supply of, Shares and be subject to change.

Capitalisation Table

Number of equity Shares on issue at listing	176,495,000
Listing Price	\$0.80 per Share
Implied market capitalisation	\$141.2 million
Net interest bearing bank debt as at 30 November 2020 ¹	\$24.8 million
Implied enterprise value (excluding lease liabilities under NZ IFRS 16)	\$166.0 million
Lease liabilities under NZ IFRS 16 as at 30 November 2020	\$185.1 million
Implied enterprise value (including lease liabilities under NZ IFRS 16)	\$351.1 million

Note:

- ¹ Comprises unaudited net interest bearing bank debt as at 30 November 2020 of \$30.0 million and cash and cash equivalents of \$5.2 million

Implied market capitalisation is the value of all of Radius Care's equity securities, as implied by the Listing Price. It tells you what Radius Care is proposing what Radius Care's equity is worth.

Implied enterprise value ("EV") is a measure of the total value of the business of Radius Care, as implied by the Listing Price. The implied enterprise value is the amount that a person would need to pay to acquire all of Radius Care's equity securities and to settle all of Radius Care's interest bearing bank debt. It is a measure of what Radius Care is proposing the business of the Radius Care Group as a whole is worth.

Implied enterprise value (including lease liabilities under NZ IFRS 16) is equal to the implied EV plus lease liabilities under NZ IFRS 16.

Implied listing multiples and dividend information

The following metrics are prepared based on certain non-NZ GAAP Pro forma Underlying financial information, as set out under the above headings, "Capitalisation Measures", "Selected Financial Information" in the case of LTM metrics and "FY2021 Guidance" in the case of FY2021 Guidance metrics.

Implied listing multiples and dividend information¹

	LTM ¹	FY2021 Guidance	
		Low	High
Implied EV (including lease liabilities under NZ IFRS 16) / Pro forma Underlying EBITDA	16.5x	15.2x	14.7x
Implied EV / Pre-NZ IFRS 16 Pro forma Underlying EBITDA	20.3x	16.3x	15.1x
AFFO ³ per Share - cents	1.78	1.67	1.99
Dividend per Share - cents (at 50% of AFFO for FY2021)		0.83	1.00
Implied dividend yield - cash dividend declared		1.04%	1.25%
Implied dividend yield - gross dividend declared ⁴		1.44%	1.73%

Notes:

- 1 LTM reflects the twelve months ended 30 September 2020, calculated as the corresponding FY2020 metric plus the corresponding 1HY2021 metric less the corresponding 1HY2020 metric.
- 2 Gross of attaching imputation credits - on a fully imputed basis but excluding RWT (Resident Withholding Tax).

As outlined in further detail in Section 3 (*Key Features of Radius Care Shares*), Radius Care's dividend policy is to target a payout ratio of 50% to 70% of full financial year AFFO with an interim dividend to be paid in December and a final dividend to be paid in June of each year, with each dividend targeted to comprise of approximately half of the expected full year dividend.

Given the timing of Radius Care's listing in mid-December 2020, the Board's current intention is to pay an interim dividend in respect of 1HY2021 in February 2021. As such, Radius Care intends to pay three dividends across the 2021 calendar year, expected to comprise of:

- A February 2021 dividend and a June 2021 dividend in relation to FY2021, equal to 50% of AFFO (outlined in the Implied Listing Multiples and Dividend Information table above); and separately
- A December 2021 dividend in relation to 1HY2022, in line with its dividend policy (of 50% to 70% of AFFO).

Pro forma Underlying Statement of Comprehensive Income

NZ\$m	FY2018	FY2019	FY2020	1HY2020	1HY2021
Financial period	12 months ended 31 March 2018	12 months ended 31 March 2019	12 months ended 31 March 2020	6 months ended 30 September 2019	6 months ended 30 September 2020
	Audited	Audited	Audited	Unaudited	Unaudited
Aged care operating revenue	98.8	107.3	112.6	55.5	59.0
Retirement village operating revenue	0.6	0.9	1.1	0.6	0.6
Retirement village change in fair value of investment property	0.7	1.4	(0.6)	(0.4)	0.7
Group support revenue	0.1	0.5	0.6	0.2	1.0
Revenue	100.2	110.1	113.7	55.9	61.3
Aged care operating expenses	(83.7)	(92.5)	(86.3)	(42.7)	(43.0)
Retirement village operating expenses	(0.7)	(0.7)	(0.7)	(0.4)	(0.4)
Group support expenses	(7.2)	(7.2)	(8.4)	(3.8)	(4.6)
Operating expenses	(91.6)	(100.4)	(95.4)	(46.9)	(48.0)
Pro forma adjustments					
Remove: Operating rental lease expense	12.0	12.4	-	-	-
Include: Other income	0.1	-	-	-	-
Remove: COVID-19 related expenses	-	-	-	-	0.6
Remove: Government COVID-19 subsidy	-	-	(0.4)	-	(0.9)
Include: Listed & other company costs	(1.0)	(1.1)	(1.1)	(0.5)	(0.6)
Remove: Historical governance costs	0.3	0.2	0.4	0.1	0.5
Pro forma adjustments	11.4	11.5	(1.1)	(0.4)	(0.4)
Underlying adjustments					
Remove: Change in fair value of investment property	(0.7)	(1.4)	0.6	0.4	(0.7)
Include: Realised development margins	0.2	0.5	0.4	0.3	0.2
Include: Realised gains on resales	0.2	0.1	-	-	0.0
Pro forma Underlying EBITDA	19.7	20.4	18.2	9.3	12.4

For a reconciliation of the Pro forma Underlying financial information to information prepared in accordance with NZ GAAP refer to the sections headed "Reconciliation of non-NZ GAAP to NZ GAAP Financial Information" and "Adjustments for Pro forma Underlying metrics" in this section of the Profile on pages 72 and 74.

Selected operational information

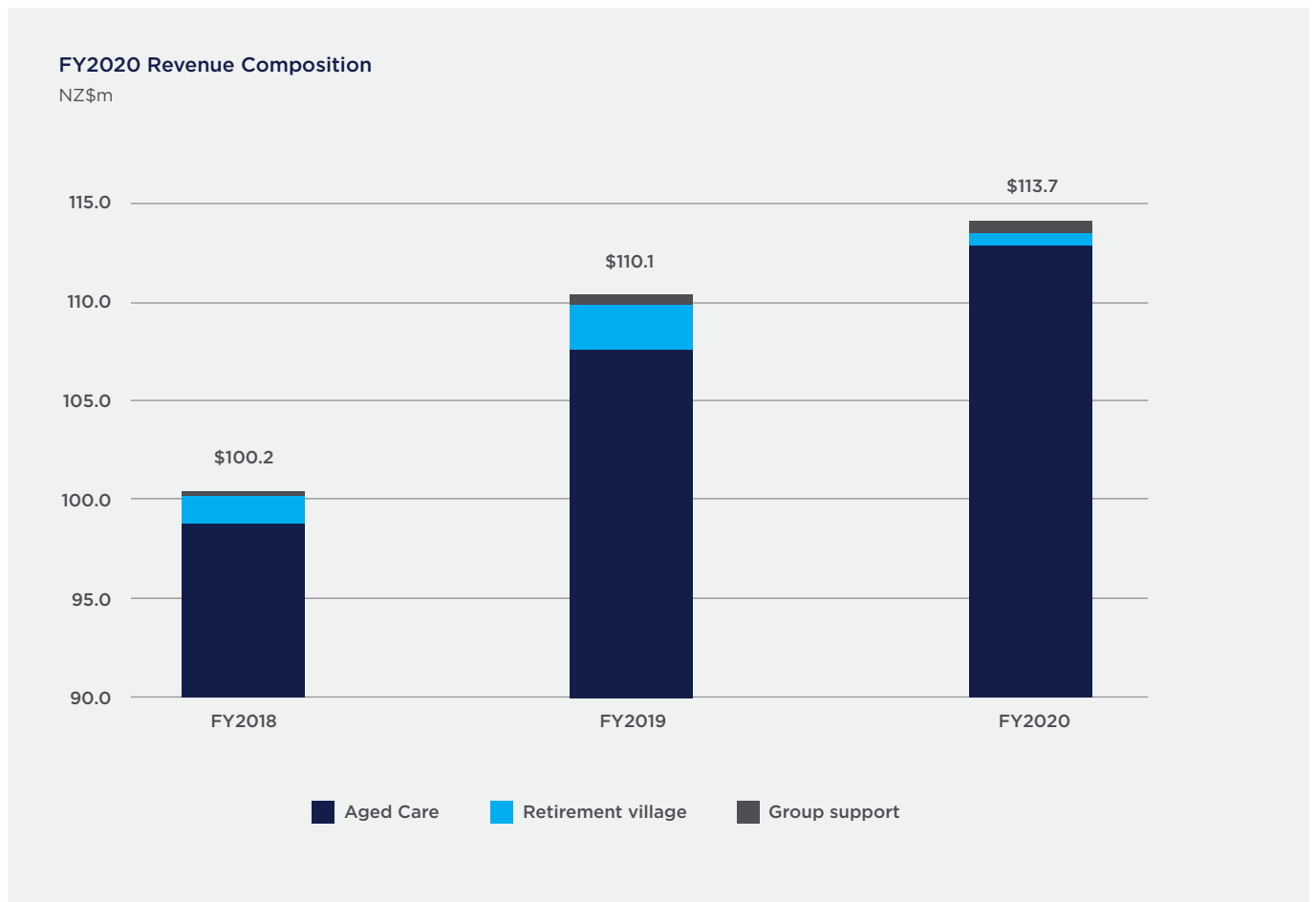
Financial period	FY2018	FY2019	FY2020	1HY2020	1HY2021
Number of Care Beds (period end) ¹	1,682	1,701	1,704	1,704	1,714
Total Care Bed occupancy ²	89.1%	89.5%	90.0%	89.7%	91.6%
Pro forma Underlying EBITDA per Care Bed ³	\$18,271	\$17,883	\$17,213	\$8,416	\$10,671
Number of Units (period end) ⁴	55	63	73	68	76
Number of new Unit sales	9	11	8	5	2
Number of existing Unit resales	2	3	-	-	1

Notes:

- 1 Comprises Care Beds occupied, available to be occupied or unavailable due to refurbishment.
- 2 Total occupied Care Bed days divided by total Care Bed days available during the period.
- 3 Pro forma Underlying EBITDA for aged care (as set out under the heading "Pro forma Underlying EBITDA by segment" on page 66) divided by the average number of Care Beds occupied during the period.
- 4 Comprises Units occupied, available to be occupied or unavailable due to refurbishment.

How Radius Care generates revenue

Radius Care primarily generates revenue from the operation of aged care facilities, with some revenue being generated from the operation of retirement villages and minimal revenue from Group support. For the year ended 31 March 2020, approximately 99.0% of Radius Care's revenue was generated from its aged care facilities with 0.5% of revenue generated from its retirement villages and 0.5% from Group support.



Aged care

Set out below is a description of each of the key areas from which Radius Care derives revenue:

- **Care fees:** Radius Care receives regulated care fees for occupied Care Beds funded through a combination of Government funding (via DHBs) and private resident contributions. Care fees are set by the relevant DHB based on the level of care being provided (rest home, hospital, dementia and various categories of other specialist care). Fees are earned based on each day the Care Bed is occupied. For further detail on funding refer to "Regulations and Funding" in Section 2 (*Radius Care and what it does*) in this Profile.
- **Accommodation supplements:** Additional fees paid privately by the resident for room features above the Government recommended minimum standard (e.g. larger room, ensuite and/or view).
- **Other aged care income:** Additional fees paid privately by the resident for additional services such as day trips and supplementary therapy services.
- **Other:** Rental income for rent charged to external parties occupying facility space.

Retirement villages

- **DMF:** Retirement village residents incur a DMF for the right to occupy a Unit under an ORA. Radius Care typically applies a 30% DMF based on the ORA licence agreement, which contractually accrues over a 3 year term. For accounting purposes however, the DMF is recognised over the average term that a resident is expected to occupy a Unit (8 years). This term (8 years) is applied to all financial years in this Profile. Upon resale of the Unit the contractually accrued DMF is deducted from the resale proceeds paid to the outgoing resident or their estate.

- **Changes in fair value of investment properties:** Under NZ IAS 40, fair value movements in the value of investment property (i.e. Radius Care's owned retirement village Units) is recognised regardless of whether the fair value movements are realised or unrealised. Fair value movements are based on a valuation of Radius Care's owned retirement villages by an independent registered valuer every 6 months. Note however, that the Underlying metrics reflect only realised gains and development margins on Radius Care's retirement villages.
- **Weekly service fees:** Fees charged to residents for the general upkeep and outgoings (covering, among other things, insurance, rates, cleaning of common and outside areas, gardening, and provision of common facilities).
- **Other:** Additional fees paid by residents for additional services such as cleaning of Units and meals.

Group support

- **Website sales:** Sales of specialist care products to older New Zealanders in the wider community via the [Radius Care Online Shop](#).
- **Sundry revenue:** COVID-19 Ministry of Health subsidy. The Radius Care Group received funding from the Government to support residential aged care providers. The funding was provided to meet the increased costs associated with COVID-19 to cover higher staff and PPE costs.

Overview of financial performance

This section provides an overview of the Pro forma Underlying EBITDA of Radius Care over the Historical Period and should be read in conjunction with the 'Selected Financial Information' table on page 59 of the Profile.

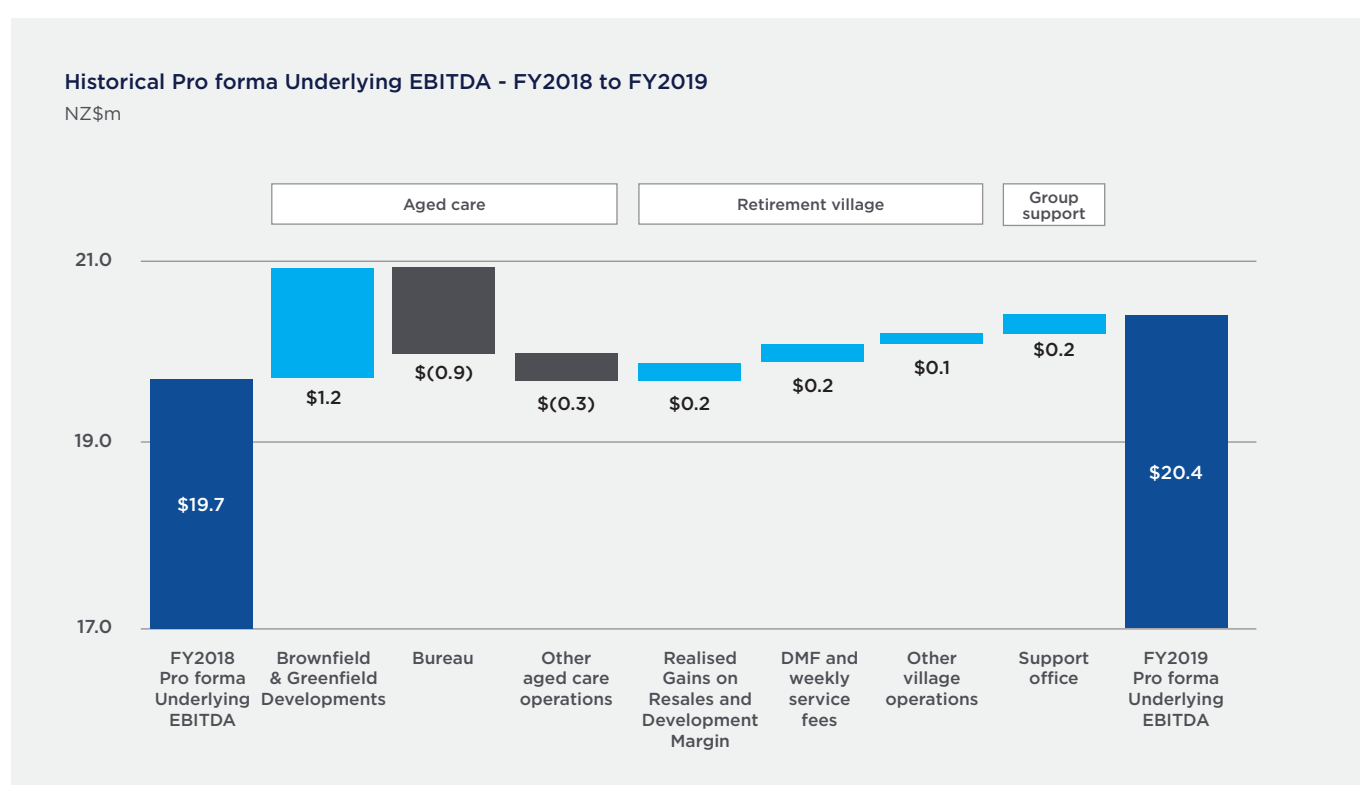
Radius Care has three reporting segments used to track performance of the business as outlined below.

Reporting segment	Description
Aged care	Includes all revenues and expenses associated with the operation of aged care facilities earned or incurred at the aged care facility level. It does not include any expenses associated with Radius Care's support office (which forms part of Group support).
Retirement village	Includes all revenues and expenses associated with the operation of retirement village facilities, earned or incurred at the village level. It does not include any expenses associated with Radius Care's support office (which forms part of Group support).
Group support	Includes sundry revenue, support office, corporate expenses and the Radius Care Online Shop.

Pro forma Underlying EBITDA by segment

NZ\$m	FY2018	FY2019	FY2020	1HY2020	1HY2021
Financial period	12 months ended 31 March 2018	12 months ended 31 March 2019	12 months ended 31 March 2020	6 months ended 30 September 2019	6 months ended 30 September 2020
	Audited	Audited	Audited	Unaudited	Unaudited
Aged care	27.2	27.2	26.3	12.8	16.6
Retirement village	0.3	0.8	0.8	0.5	0.4
Group support	(7.8)	(7.6)	(8.9)	(4.0)	(4.6)
Pro forma Underlying EBITDA	19.7	20.4	18.2	9.3	12.4

Overview of historical financial performance



FY2019 Financial Performance Relative to FY2018

The Pro forma Underlying EBITDA for FY2019 increased by \$0.7 million to \$20.4 million.

Key Pro forma Underlying EBITDA Variances Explained:

1 Aged care - no change

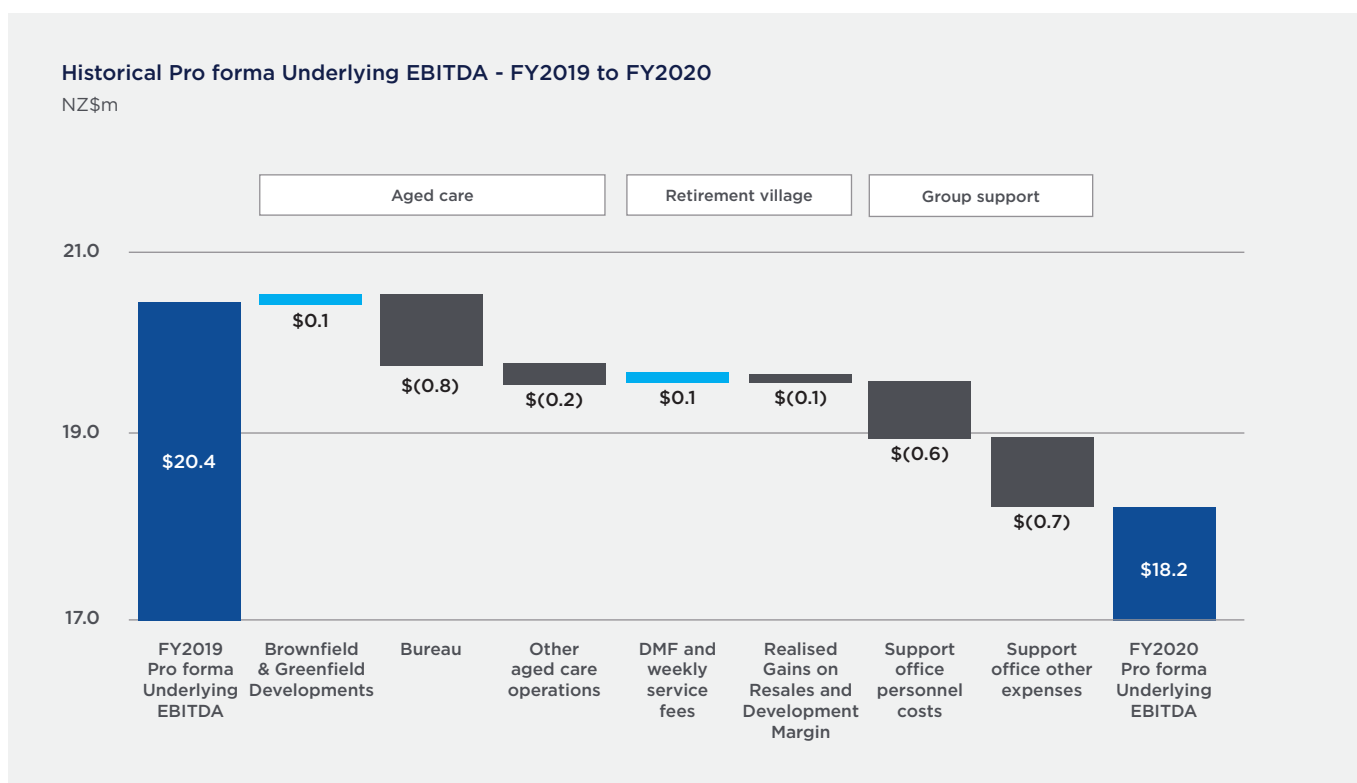
- **Brownfield and Greenfield Developments: \$1.2 million.** Brownfield extensions at Waipuna (Auckland) were completed leading into FY2018. Occupancy expectations were achieved during FY2019 with a resulting uplift in Pro forma Underlying EBITDA of \$0.3 million. The Greenfield development of Glaisdale (Hamilton) opened in June 2017 (FY2018) with occupancy improving from 66% (FY2018) to 86% (FY2019), increasing Pro forma Underlying EBITDA by \$0.9 million.
- **Bureau: \$(0.9) million.** During FY2019 the industry (including Radius Care) was impacted by DHBs actively recruiting aged care sector staff. Increased Bureau costs were incurred to cover the resulting shortages of registered nurses and health care assistants.

2 Retirement village - \$0.5 million

- The compounding impact of DMF and additional Unit sales saw an increase in revenue during the financial year. Weekly service fees for all Units were also increased from 1 April 2018, being the start of the financial year.

3 Group support - \$0.2 million

- No specific drivers.



FY2020 Financial Performance Relative to FY2019

The Pro forma Underlying EBITDA for FY2020 decreased by \$2.2 million to \$18.2 million.

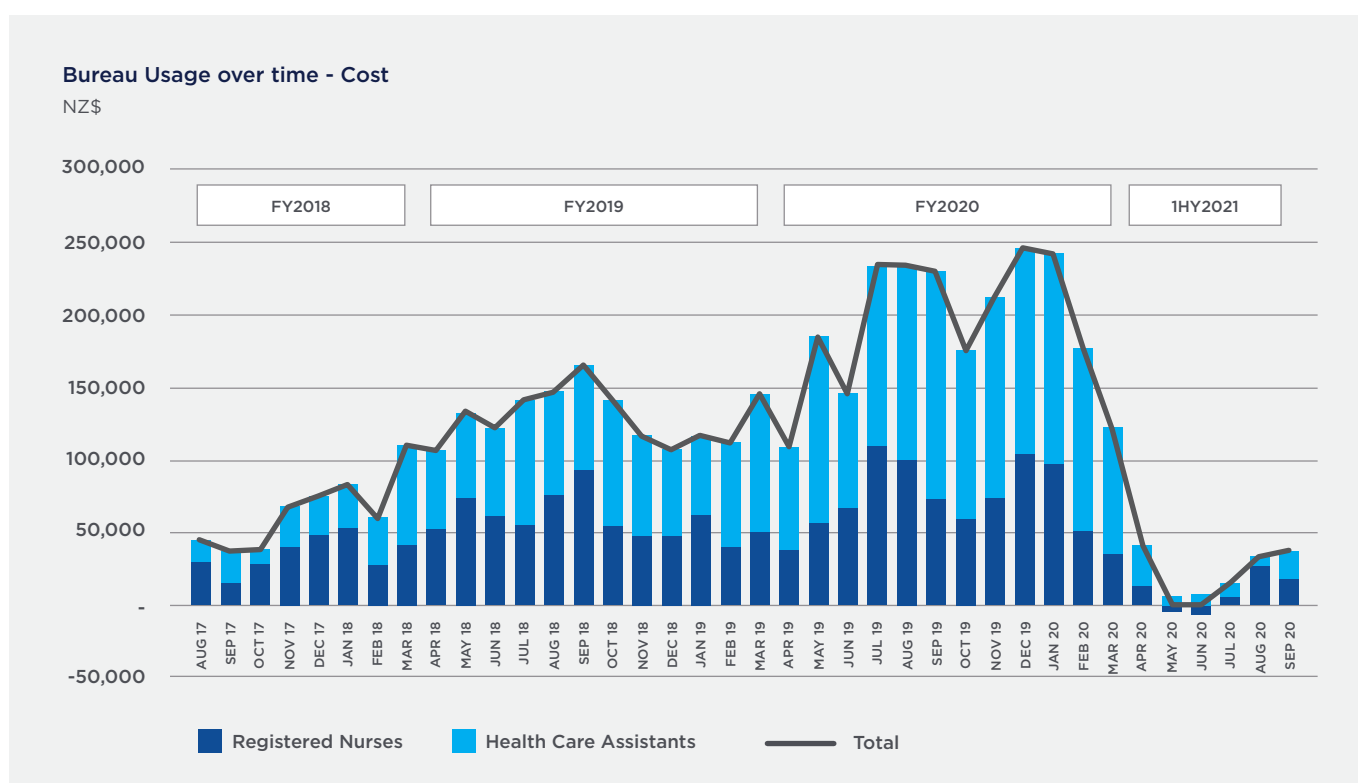
Key Pro forma Underlying EBITDA Variances Explained:

1. Aged care - \$(0.9) million

- **Bureau costs: \$(0.8) million.** The impact of the increase in FY2019 Bureau costs continued into FY2020 with an increase of \$0.8 million. As a result, Radius Care embarked on a proactive programme during FY2020 that saw:
 - a focus on reducing Bureau and staff rostering costs at the facility level, with Radius Care employing two full-time recruitment and retention advisors to specifically oversee this; and
 - an increase in health care assistants being sourced through the NZ Immigration channel to improve the flow of staff into facilities.

As a result of the proactive measures that Radius Care took through this programme, Bureau costs began to materially decline in February 2020 and have remained low, as illustrated on the following page.

- **Other aged care operations: \$(0.2) million.** Whilst occupancy continued to increase, rising from 89.5% to 90.0% over the period and age care fee funding from the DHBs also increased, general personnel cost increases offset these gains.



2. Retirement village - no change

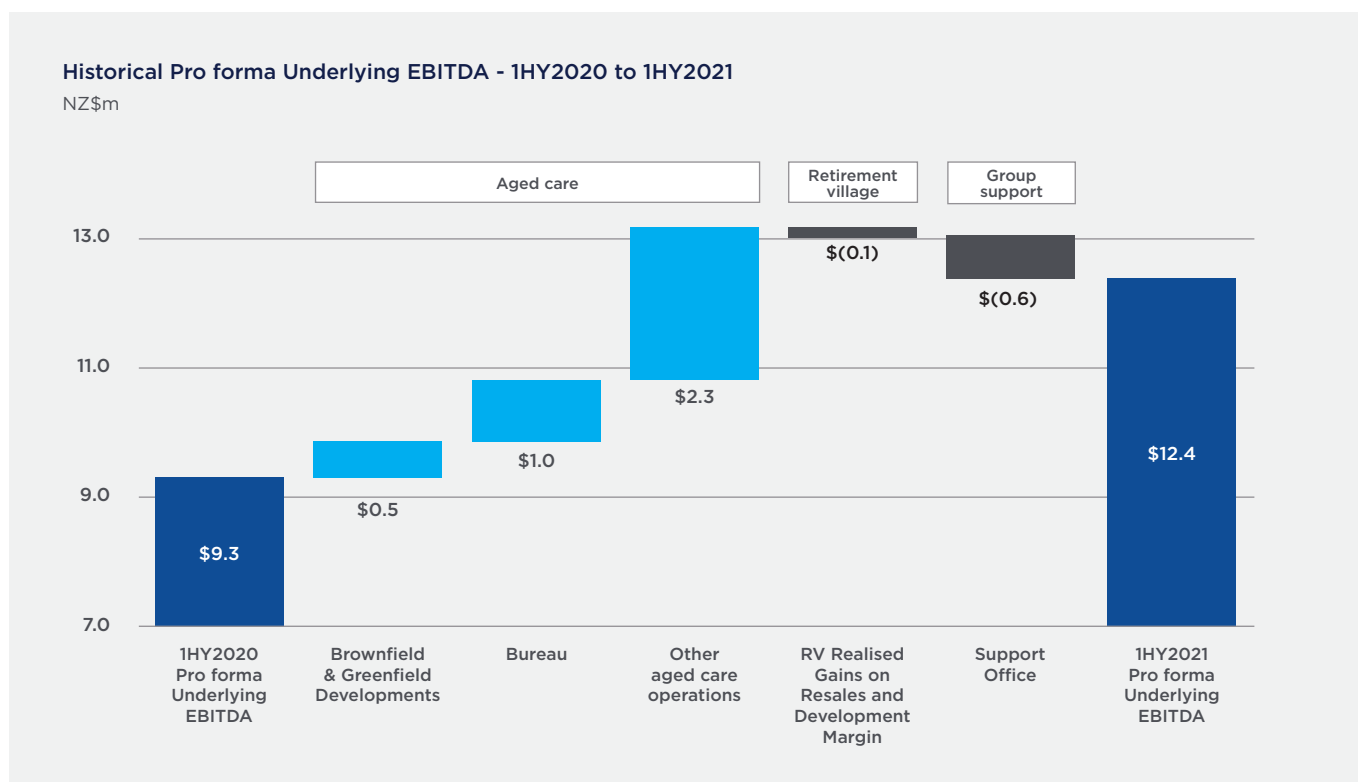
- No specific drivers.

3. Group support - \$(1.3) million

- **Support office personnel costs: \$(0.6) million.** Radius Care invested in staff required to drive its growth strategy as outlined in Section 2 (*Radius Care and what it does*) of this Profile including across:
 - human resources \$0.1 million,
 - regional managers of \$0.3 million,
 - finance \$0.1 million,
 - village and development \$0.1 million.
- **Support office other expenses: \$(0.7) million.** Radius Care increased its advertising spend by \$0.4 million as it embarked on a media campaign aimed at increasing occupancy, with a longer term target of 95%. IT expenditure also increased by \$0.2 million as a result of a reconfiguration of the Radius Care IT network. Travel and accommodation also increased \$0.1 million as regional managers were more active on facility sites to support registered nurses and manage Bureau costs.

1HY2021 Financial Performance Relative to 1HY2020

The Pro forma Underlying EBITDA for the 6 months of 1HY2021 increased by \$3.1 million to \$12.4 million compared with 1HY2020.



Key Pro forma Underlying EBITDA Variances Explained:**1. Aged care – \$3.8 million**

- *Brownfield and Greenfield Developments: \$0.5 million.* The impact from the Brownfield extensions at Windsor Court (Waikato) continued into 1HY2021 contributing an extra \$0.45 million of Pro forma Underlying EBITDA over the period. The Greenfield development at Glaisdale (Hamilton) continued to improve with its occupancy reaching 99% in September 2020 (versus 87% in September 2019).
- *Bureau: \$1.0 million.* Radius Care continued to implement its proactive programme to reduce staff costs and increase retention (as explained in the FY2019 to FY2020 comparison above). In addition to the benefits from that programme, it also experienced:
 - a reduction in staff turnover as a result of COVID-19; and
 - the effect of the inclusion of registered nurses on the “long-term skills shortage list” approved by the Government which increased the immigration flow into New Zealand.
- *Other aged care: \$2.3 million.* The increase in Pro forma Underlying EBITDA was primarily driven by the improvement in occupancy from 89.7% to 91.6%. In large part this was attributable to the advertising campaign undertaken (as noted in the FY2019 to FY2020 comparison above).

2 Retirement village – \$(0.1) million

- No specific drivers.

3 Group support – \$(0.6) million

- Radius Care appointed Stuart Bilbrough as CEO in June 2020, as well as his personal assistant, as part of Radius Care's continued investment to support its growth strategy, increasing personnel costs by \$0.2 million.
- Due to improved business performance, Radius Care implemented a bonus scheme for facility and regional managers, at a cost of \$0.1 million.
- General remuneration increases were also delayed from 1 April 2020 to 1 June 2020 in this financial year.

Reconciliation of Non-NZ GAAP to NZ GAAP financial information

NZ\$m	FY2018	FY2019	FY2020	1HY2020	1HY2021
Financial period	12 months ended 31 March 2018	12 months ended 31 March 2019	12 months ended 31 March 2020	6 months ended 30 September 2019	6 months ended 30 September 2020
	Audited	Audited	Audited	Unaudited	Unaudited
Statutory NPAT	3.8	4.2	(2.8)	(1.5)	2.1
Pro forma adjustments					
<i>NZ IFRS 16 consistency adjustments</i>					
Include: Depreciation on right-of-use assets	(5.7)	(5.8)	-	-	-
Include: Interest on lease liabilities	(10.1)	(10.1)	-	-	-
Include: Other income	0.1	-	-	-	-
Remove: Operating rental lease expense	12.0	12.4	-	-	-
Include: Deferred tax impact relating to NZ IFRS 16 adjustments	1.0	1.0	-	-	-
<i>Non-recurring or infrequent items</i>					
Remove: COVID-19 related expenses	-	-	-	-	0.6
Remove: Government COVID-19 subsidy	-	-	(0.4)	-	(0.9)
<i>Structural changes and other</i>					
Include: Listed & other company costs	(1.0)	(1.1)	(1.1)	(0.5)	(0.6)
Remove: Historical governance costs	0.3	0.2	0.4	0.1	0.5
Include: Income tax impact from Pro forma adjustments	0.2	0.2	0.3	0.1	0.1
Underlying adjustments					
Remove: Change in fair value of investment property	(0.7)	(1.4)	0.6	0.4	(0.7)
Include: Realised development margins	0.2	0.5	0.5	0.3	0.2
Include: Realised gains on resales	0.2	0.1	-	-	-
Remove: Deferred tax expense (incl. NZ IFRS 16 adjustments related)	(0.6)	(0.7)	(0.1)	(0.7)	(1.1)
Pro forma Underlying NPAT	(0.3)	(0.5)	(2.6)	(1.8)	0.2

Table continues from page 72

NZ\$m	FY2018	FY2019	FY2020	1HY2020	1HY2021
Financial period	12 months ended 31 March 2018	12 months ended 31 March 2019	12 months ended 31 March 2020	6 months ended 30 September 2019	6 months ended 30 September 2020
	Audited	Audited	Audited	Unaudited	Unaudited
Pro forma Underlying NPAT	(0.3)	(0.5)	(2.6)	(1.8)	0.2
Remove: Depreciation and amortisation	8.7	9.4	10.9	5.5	5.7
Remove: Net interest expense	10.6	10.9	10.5	5.1	5.0
Remove: Current tax expense	0.7	0.6	(0.6)	0.5	1.5
Pro forma Underlying EBITDA	19.7	20.4	18.2	9.3	12.4
Include: Pre-NZ IFRS 16 operating rental lease expense	(12.0)	(12.4)	(12.4)	(5.7)	(6.4)
Pre-NZ IFRS 16 Pro forma Underlying EBITDA	7.7	8.0	5.8	3.6	6.0
Include: Depreciation and amortisation (Pre-NZ IFRS 16)	(3.0)	(3.6)	(3.7)	(1.8)	(2.1)
Include: Net interest expense (Pre-NZ IFRS 16)	(0.6)	(0.9)	(1.2)	(0.6)	(0.5)
Include: Current tax expense	(0.9)	(0.7)	0.3	(0.5)	(1.7)
Include: Income tax impact from Pro forma adjustments	0.2	0.2	0.3	0.1	0.1
Pre-NZ IFRS 16 Pro forma Underlying NPAT	3.4	3.0	1.5	0.8	1.8
Remove: Depreciation and amortisation (excl. NZ IFRS 16 related)	3.0	3.6	3.7	1.8	2.1
Include: Maintenance capital expenditure	(5.1)	(4.6)	(4.4)	(2.6)	(1.6)
AFFO	1.3	2.0	0.8	0.0	2.3

Adjustments for Pro forma Underlying metrics

Pro forma adjustments

NZ IFRS 16 consistency adjustments

Radius Care currently leases 19 of its 22 aged care facilities and owns three aged care facilities. NZ IFRS 16 came into effect for the FY2020 financial year. NZ IFRS 16 eliminates the distinction between operating and finance leases for lessees and will result in lessees bringing most leases onto their Statements of Financial Position.

NZ IFRS 16 introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. All of Radius Care's 19 leased aged care facilities are subject to NZ IFRS 16. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis.

Radius Care has used the modified retrospective approach for the NZ IFRS 16 adoption, under which the comparative information was not restated. In order to allow for comparability across historical periods, Radius Care has applied a Pro forma adjustment to the FY2018 and FY2019 statutory statements of comprehensive income to retrospectively incorporate the impact of NZ IFRS 16.

The values determined for the Pro forma adjustment in relation to the adoption of NZ IFRS 16 have been calculated using the modified retrospective transition approach from 1 April 2017 (i.e. the start of the 2018 financial year). At 1 April 2017, lease liabilities are measured at the present value of the remaining lease payments as at that date, discounted at Radius Care's incremental borrowing rate (IBR). Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The methodology applied to determine the Pro forma impact is the same as that adopted by Radius Care in its audited FY2020 financial statements and is explained in further detail in those financial statements.

Radius Care has assumed a single IBR is appropriate for all applicable leases. To maintain consistency in methodology, a single IBR of 6.2% was calculated for 1 April 2017 based on the weighted average lease term of the portfolio as at that date. The IBR calculated for 1 April 2017 is higher than that adopted for the FY2020 financial statements (5%) due to the reduction in bank base interest rates over that time period.

Non-recurring or infrequent items

- COVID-19 related expenses.** As part of the response to COVID-19, Radius Care incurred additional expenses, including expenses in relation to additional sick leave and isolation leave from April 2020 to September 2020. Radius Care required staff take a COVID-19 test before returning to work following any sick leave or isolation leave, to ensure the safety of residents and staff in the aged care facilities.
- Government COVID-19 related subsidy.** As with other aged care providers in New Zealand, Radius Care received funding in FY2020 from the Government in relation to the increased costs associated with COVID-19 which covered higher staff and PPE costs.

Structural changes and other

- Listed & other company costs.** Following its listing Radius Care will incur costs associated with operating in a listed environment in respect of directors' fees (including the additional independent directors recently appointed to Radius Care), audit costs, listing fees, share registry fees, enhanced shareholder reporting costs and additional director & officer insurance costs. From listing, Radius Care will also incur a fee of 3.5% per annum of annual rental and outgoings in relation to the personal guarantee in place with one landlord, as more particularly described under the heading "Material interests in the Radius Care Group" on page 52.
- Historical governance costs.** These relate to non-recurring historical directors, consulting and management fees previously incurred by Radius Care but now replaced by listed & other company costs.
- Income tax.** Included is the potential income tax impact of the above Pro forma adjustments above. An effective tax rate of 28% has been assumed.

Underlying adjustments

Underlying adjustments allow for direct comparison to other NZX listed aged care and retirement village operators and include:

- The removal of changes in the fair value of investment property relating to Radius Care's owned retirement villages (Elloughton Grange Village and Windsor Lifestyle Estate Village);
- Inclusion of realised development margins on the cash settlement of the first sale of new ORA Units following development;
- Inclusion of realised gains on Unit resales. Realised gains are calculated as the net cash flow received by Radius Care on the cash settlement of the resale of pre-existing ORA Units (i.e. the difference between the value of the ORA licence payment received from the incoming resident and the ORA licence payment previously received from the outgoing resident). Realised gains are net of incurred refurbishment costs. The margin on the repurchase of legacy units under a unit title subsequently sold under an ORA contract is also included.
- Removal of statutory deferred tax expenses and deferred tax expenses including those related to NZ IFRS 16, where applicable.

Pre-NZ IFRS 16 Pro forma Underlying EBITDA includes the pre-NZ IFRS 16 operating rental lease expense from Pro forma Underlying EBITDA to remove the impact of the adoption of NZ IFRS 16 on Pro forma Underlying EBITDA.

Pre-NZ IFRS 16 Pro forma Underlying NPAT removes the pre-NZ IFRS 16 depreciation and amortisation, the pre-NZ IFRS 16 interest expenses and tax expenses to remove the impact of NZ IFRS 16 on Pro forma Underlying NPAT.

AFFO

AFFO is a cash proxy used by Radius Care to determine the level of dividend it may pay.

AFFO is calculated from Pre-NZ IFRS 16 Pro forma Underlying NPAT by removing pre-NZ IFRS 16 depreciation and amortisation and instead including maintenance capital expenditure. Pre-NZ IFRS 16 Pro forma Underlying NPAT is used as the starting point for this calculation as it reflects the Pre-NZ IFRS 16 operating rental lease expense which largely represents the actual cash lease payment made, rather than the NZ IFRS 16 equivalent (depreciation on right-of-use assets and interest on lease liabilities), which materially exceed the actual cash lease payments as shown under the heading "Property Lease Expenses" in the Supplementary Financial Information document on the Radius Care Website. Note, no adjustment is made for differences between accrued DMF and cash DMF realised.

Maintenance capital expenditure has historically (between FY2018 and FY2020) been between \$4.4 million to \$5.1 million per annum. In FY2018 maintenance capital expenditure included \$0.8 million in relation to a new automated care planning system and as such exceeded the equivalent FY2019 and FY2020 levels.

Whilst maintenance capex exceeded pre-NZ IFRS 16 depreciation and amortisation between FY2018 and FY2020, going forward maintenance capex and pre-NZ IFRS 16 depreciation and amortisation are expected to be broadly similar.

5.

Risks to Radius Care's business and plans



This section describes the circumstances that Radius Care is aware of that exist or are likely to arise that significantly increase the risk to Radius Care Group's financial position, financial performance or stated plans.

We have outlined our assessment of the likelihood, nature and potential magnitude of circumstances if they were to occur. This assessment is based on the knowledge of the directors as at the date of this Profile. There is no guarantee or assurance that the importance of each risk will not change or that other risks may emerge over time.

Large Scale Infectious Outbreak

Description of the risk	A large scale infectious outbreak ("Outbreak"), such as COVID-19 or influenza, may significantly impact the health and safety of Radius Care's residents and staff and its business operations.
Why is it significant to Radius Care	An Outbreak may result in a reduction in occupancy levels at Radius Care's facilities, a reduction in staff availability and reputational damage to Radius Care's business, all of which may have a material adverse effect on Radius Care's financial performance.
Radius Care's assessment of the likelihood, nature and potential magnitude of any impact	<p>In light of New Zealand's experience with COVID-19 to date, Radius Care is of the view that there is a reasonable likelihood of an Outbreak, such as a further COVID-19 outbreak, in New Zealand in the near term. As a result of this, it is possible that such an Outbreak could directly affect one or more Radius Care facilities.</p> <p>If an Outbreak were to occur, it may require Radius Care to implement infection control measures in addition to those measures already in place in its facilities. Such additional infection control measures may require Radius Care to source:</p> <ul style="list-style-type: none"> • additional staff; • additional PPE, cleaning and waste collection supplies; and/or • additional administrative support to communicate and deal with residents, their families, DHBs and other authorities. <p>Sourcing such additional staff, supplies and services may prove difficult should others have similar demands during an Outbreak.</p> <p>Significant negative health consequences for residents and staff as a result of an Outbreak may also lead to adverse publicity, a reduction in occupancy at Radius Care's facilities, and affect staff morale and retention, which may adversely impact Radius Care's financial performance.</p> <p>During an Outbreak, Radius Care would expect that, as has been the case with COVID-19, DHBs and Government authorities would provide support and assistance, including additional staffing and access to the national medical stockpile to assist with boosting staffing and PPE levels.</p> <p>Radius Care's facilities are geographically dispersed across New Zealand which can assist with sharing of resources, with group support available at both a central and regional level, as well as mitigating the risk that more than one Radius Care facility would be directly affected by an Outbreak.</p> <p>Radius Care has created a stockpile of PPE centrally located in both the North and South islands to enable rapid deployment if required. In addition, robust protocols and procedures for dealing with an Outbreak are in place and every Radius Care facility has practiced implementation of such protocols and procedures.</p> <p>By way of example, in the case of COVID-19:</p> <ul style="list-style-type: none"> • all of Radius Care's facilities have implemented strict protocols and measures to mitigate the risks of COVID-19 and to ensure residents are protected; and • as at the date of this Profile, these protocols and measures have meant there have been no past, known or suspected cases of COVID-19 at any of Radius Care's facilities.

Regulatory Risk

Description of the risk	The aged care sector in which Radius Care operates is highly regulated (see Section 2 (<i>Radius Care and what it does</i>) for more information). If Radius Care lost any certification as an aged care provider or registration as a retirement village operator, or if there was a change in, or loss of, Government funding, Radius Care's financial performance could be adversely affected.
Why is it significant to Radius Care	<p data-bbox="384 792 754 815"><i>Changes to Government funding model</i></p> <p data-bbox="384 826 1469 900">Radius Care's revenue comes from residents' occupancy fees, which are either privately and/or Government funded. For the financial year ended 31 March 2020, approximately 66% of Radius Care's revenue was provided through Government funding.</p> <p data-bbox="384 916 1442 965">Any change to (for example, a change in eligibility criteria) or loss in aged care facility funding (including a reduction in the total pool of funding) may have a material adverse effect on Radius Care's financial performance.</p> <p data-bbox="384 992 703 1014"><i>Loss of registration or certification</i></p> <p data-bbox="384 1025 1469 1151">Radius Care must be certified under the Health and Disability Services (Safety) Act 2001 in order to provide aged care services and is required to maintain registrations for its retirement villages under the Retirement Villages Act. Any loss of certification or registration as either an aged care provider or retirement village operator due to, for example, non-compliance with regulatory requirements, could have a significant impact upon Radius Care's ability to operate its business, its reputation and brand and, consequentially, its financial performance.</p>
Radius Care's assessment of the likelihood, nature and potential magnitude of any impact	<p data-bbox="384 1164 754 1187"><i>Changes to Government funding model</i></p> <p data-bbox="384 1198 1469 1368">Radius Care believes that, given the aging population of New Zealand and well documented research into shortfalls in current funding levels¹, there are unlikely to be any adverse changes to the current Government funding model introduced in the short to medium term. However, if a material loss or reduction of Government funding were to occur, the impact of any such loss or reduction on Radius Care could, depending on the nature of the change to the Government funding model, be significant. If such a loss or reduction of Government funding were to occur, Radius Care would look to implement other funding methods, such as private payment, bonds and insurance, to mitigate the impact on Radius Care.</p> <p data-bbox="384 1395 703 1417"><i>Loss of registration or certification</i></p> <p data-bbox="384 1429 1469 1576">Loss of certification or termination of an ARRC Contract would result in Radius Care not being able to provide Government-funded aged care services to residents at the affected facilities. Similarly, suspension or cancellation of a retirement village's registration would result in Radius Care no longer being able to offer licences for Units at the affected retirement village. Such a termination or loss of certification or registration could be expected to have an adverse effect on Radius Care's financial performance. It could also result in Radius Care suffering reputational harm or brand damage.</p> <p data-bbox="384 1592 1469 1744">However, Radius Care considers the likelihood that it loses an aged care facility's certification or a retirement village's registration to be low. Robust systems are in place to manage, review and improve all areas of certification and registration on an ongoing basis to provide continuous improvement. Even if a material event of regulatory non-compliance were to occur, Radius Care expects that the relevant regulator would work with Radius Care in the first instance to remedy any non-compliance and give Radius Care the opportunity to rectify deficiencies before taking steps to suspend or terminate any applicable certification or registration.</p>

¹ Grant Thornton Report of September 2010 and EY Report of August 2019.

Labour Availability and Costs

Description of the risk	Radius Care relies on its employees with specialised skills and experience (particularly nurses and health care assistants) to care for residents in its facilities. There is a risk that Radius Care will not be able to attract and retain an adequate number of skilled healthcare workers for its existing and future operations or may be required to pay more than it currently expects to pay in order to do so.
Why is it significant to Radius Care	<p><i>Labour availability</i></p> <p>There is a limited group of skilled personnel with appropriate experience (particularly registered nurses and in regional areas) whose services are in high demand from other aged care and health sector providers (including DHBs). Lack of availability of staff may adversely affect Radius Care's financial performance and its ability to deliver on its plans to expand or develop new facilities, until the issue is resolved.</p> <p><i>Labour costs</i></p> <p>Staff costs are Radius Care's most significant cost item, which is a function of the high-service nature of residential aged care. Any substantial increase in these costs, in excess of increases in Government funding or which Radius Care is not otherwise able to pass on to residents, may adversely affect Radius Care's financial performance.</p>
Radius Care's assessment of the likelihood, nature and potential magnitude of any impact	<p><i>Labour availability</i></p> <p>The availability of skilled personnel within the aged care sector has been a long term issue and, as a result, Radius Care can face strong competition for such personnel. For example, during 2018 and 2019 Radius Care suffered staff shortages (since resolved) at two facilities: at the first facility this was due to a national shortage of registered nurses and the regional location of that facility; at the second facility this was due to a shortage of registered nurses skilled in psychogeriatric care. As such, Radius considers it is possible that it may be unable to recruit and retain the skilled personnel necessary to operate a facility to its optimum level of occupancy, or to expand or develop a new facility, until the labour shortage is resolved.</p> <p>Nurses in particular are in shortage over the entire health sector. The Government has sought to address this issue in part by adding registered nurses (with aged care experience) to New Zealand Immigration's Long Term Skill Shortage in 2019. In addition, Radius Care has obtained Immigration New Zealand Accredited Employer status which allows it to in effect fast-track immigration applications for overseas based staff and therefore reduce the length of time before such staff are able to begin working for Radius Care. This and other initiatives undertaken by Radius Care to address staff recruitment and costs are further described on pages 68 and 69 in Section 4 (<i>Radius Care's financial information</i>). These initiatives have resulted in a demonstrated reduction in Radius Care's reliance on Bureau staff.</p> <p>This risk is also mitigated by the fact that, as a national operator, Radius Care has some ability to move staff between facilities across the country to address staffing shortages that may arise.</p> <p><i>Labour costs</i></p> <p>It is possible that wages could escalate beyond Government funding levels and the ability for Radius Care to pass on those costs to residents. Such risk could arise if Radius Care was unable to recruit and retain nurses because of the higher pay rates offered by DHBs. If other aged care providers raised their pay rates in response, Radius Care would likely need to do the same to remain competitive, which would in turn adversely affect its financial performance.</p> <p>In addition, the aged care sector (through the NZACA) continues to press for pay parity for nurses in DHBs and nurses in the aged care sector. Such a pay parity agreement would increase the pay rates of nurses in the private aged care sector. However, Radius Care expects that any national agreement on pay parity for nurses in DHBs and the aged care sector would likely largely be funded by the DHBs under the terms of the ARRC Contracts.</p> <p>Private supplementation of fees (such as increasing accommodation supplements) is available to Radius Care as a mechanism to offset any major increase in staffing costs which is not met by additional Government funding.</p>

Construction and property development risk

Description of the risk	<p>Radius Care's growth strategy is proposed to involve the construction and development of new and existing integrated aged care facilities and retirement villages. When developing new or existing facilities, Radius Care faces a range of construction and property development risks which are potentially significant to it, including:</p> <ul style="list-style-type: none"> • construction risks arising from unexpected cost increases, quality issues and delays in the completion of developments; • default risks arising from participants in the development process, including construction contractors defaulting in the performance of their obligations; • the ability to acquire Brownfield and Greenfield Development sites that will be attractive to residents; • the ability to obtain, or delays in obtaining, or limits imposed on the development through, resource or other consents; and • the ability to sell down its facilities.
Why is it significant to Radius Care	<p>Any significant increase in construction costs or delay in completion and sell down of a development project could have a material adverse effect on Radius Care's ability to meet its growth targets and its financial performance – as well as impacting its financial position.</p> <p>In addition, poor site selection may result in Radius Care developing a facility at a site that is not attractive to potential residents which could also adversely impact Radius Care's financial performance.</p>
Radius Care's assessment of the likelihood, nature and potential magnitude of any impact	<p>While it is possible that one or more of these construction and property development risks may arise, the impact of one or more of such risks arising will depend on the significance of the risk(s) that eventuate(s).</p> <p>Radius Care believes that these risks (particularly around timing and costs) are mitigated by its internal development capabilities and experience, which allow it to exercise a close degree of control and oversight over the development and construction process.</p>

Property market risk

Description of the risk	<p>A downturn in the national or regional property market could impact the demand for, and Radius Care's ability to sell or re-sell, Units and Care Suites, as well as the value that can be achieved on the sale or resale of a Unit or Care Suite and the timeframe to complete such sales.</p>
Why is it significant to Radius Care	<p>Radius Care's growth strategy is proposed to involve the construction and acquisition of integrated aged care facilities and retirement villages. Earnings will be generated through the construction and sale, and resale, of Units and, to a lesser extent, Care Suites. Prevailing property market conditions will affect both the value that can be achieved on a sale or resale of a Unit or Care Suite and the ability of prospective residents to acquire a Unit or Care Suite (due to the ability of prospective residents to sell their own homes or sell them at prices which allow them to purchase Units or Care Suites).</p>
Radius Care's assessment of the likelihood, nature and potential magnitude of any impact	<p>Property market conditions and prices are constantly fluctuating and a downturn in the property market in the near term is possible.</p> <p>At present, given the small number of Units and no Care Suites in Radius Care's portfolio, any property market downturn would likely have a minor effect on Radius Care's financial performance. However, it could delay Radius Care's plans to construct or acquire additional integrated aged care facilities and retirement villages. Once Radius Care's retirement village and Care Suites portfolio increases in size with the execution of Radius Care's growth strategy, a sustained downturn in the national or a regional property market could have a material adverse effect on Radius Care's financial performance.</p> <p>However, in Radius Care's experience, a person's decision to acquire and move into a Unit or Care Suite is typically driven by their care needs or lifestyle preferences. These drivers act to mitigate the effect that fluctuations to property market conditions and prices have on demand for Units or Care Suites.</p>

6.

Tax

7.

**Where you
can find more
information**



Tax

Tax can have significant consequences for investments. If you have queries relating to the tax consequences of investing in Shares, you should obtain professional advice on those consequences.

Where you can find more information

Further information relating to Radius Care and its Shares (including the Constitution and its most recent financial statements) is available on the Radius Care Website, which can be found at www.radiuscare.co.nz under the Investor Centre tab.

Further information in relation to Radius Care is also available on the Companies Office register of the Ministry of Business, Innovation and Employment. This information can be accessed on the Companies Office website at www.business.govt.nz/companies.

Once Radius Care is listed, it will be required to make half-yearly and annual announcements to NZX and such other announcements required by the NZX Listing Rules from time to time. You will be able to obtain this information free of charge by searching under the ticker code "RAD" on NZX's website (www.nzx.com).

8.

Contact information



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9.

Glossary



Glossary

1HY[Year]	a six month period ended 30 September
AFFO	available funds from operations, which is calculated from Pre-NZ IFRS 16 Pro forma Underlying NPAT by removing pre-NZ IFRS 16 depreciation and amortisation and instead including maintenance capital expenditure
ARRC Contract	an Aged Related Residential Care Contract with DHBs for the provision of age related residential care
Accommodation supplements	a charge paid by an aged care resident for room features above the Government recommended minimum standard (e.g. larger room, ensuite and/or view)
Arvida	Arvida Group Limited
Board	the board of directors of Radius Care
Brownfield Development	development of aged care on land already including operational aged care facilities, or development of retirement village facilities on land already including operational retirement village facilities
Bureau	temporary staff supplied by a third party agency
CAGR	compound annual growth rate
Care Bed	a bed in a certified aged care facility
Care Suite	a room including a Care Bed in a certified aged care facility that comprises amenities and services in excess of the minimum standard and which is typically licensed under an ORA
Companies Act	Companies Act 1993
Constitution	the constitution of Radius Care
DHB	District Health Board
DMF	a deferred management fee charged under an ORA, which accrues monthly to a specified maximum and is deducted from the refund paid to the departing resident on the resale of a Unit or Care Suite
EBITDA	earnings before interest, tax, depreciation, amortisation and goodwill impairment
FY[Year]	a financial year ended 31 March
Greenfield Development	development of aged care facilities on land that does not contain any operational aged care facilities or development of retirement village facilities on land that does not contain any operational retirement village facilities
High acuity and specialist care	hospital, dementia, psychogeriatric, physical and intellectual care
Knox Investment Partners	Knox Investment Partners Limited or funds managed by Knox Investment Partners Limited, as the context requires
Listing Price	The value ascribed to Shares at listing by the Board based on the Board's view of the equity value of Radius Care at that time, being \$0.80 per Share

Low acuity care	rest home care
MoH	Ministry of Health
NPAT	net profit after tax
NZ IFRS	New Zealand equivalents to International Financial Reporting Standards
NZ GAAP	New Zealand Generally Accepted Accounting Practice
NZACA	New Zealand Aged Care Association
NZX	NZX Limited
NZX Listing Rules	the listing rules of the NZX Main Board, in force from time to time
NZX Main Board	the main board equity security market operated by NZX
Oceania	Oceania Healthcare Limited
ORA	an Occupation Right Agreement that confers on a resident a right to occupy a Unit or Care Suite on the terms and conditions set out in that agreement
PPE	personal protective equipment
Pro forma	refers to certain pro forma adjustments outlined on page 74 in Section 4 (<i>Radius Care's financial information</i>) of this Profile and on the Radius Care Website
Profile	this document, being a profile prepared in accordance with the NZX Listing Rules
Radius Care	Radius Residential Care Limited or the Radius Care Group, as the context requires
Radius Care Group	Radius Care and each of its subsidiaries
Radius Care Website	Radius Care's website, which can be found at www.radiuscare.co.nz , under the Investor Centre tab
Residence	a collective term used to describe any of Care Beds, Care Suites, and Units
Retirement Villages Act	Retirement Villages Act 2003
Ryman	Ryman Healthcare Limited
Share	a fully paid ordinary share in Radius Care
Summerset	Summerset Group Holdings Limited
Triple net lease	a lease arrangement on a property where the lessee agrees to pay the rates, insurance and costs of day to day maintenance (the three "nets") on the property in addition to the rent
Underlying	refers to certain underlying adjustments outlined on page 75 in Section 4 (<i>Radius Care's financial information</i>) of this Profile and on the Radius Care Website
Unit	an apartment or villa in a retirement village, which is licensed under an ORA (or in respect of five legacy villas at Windsor Court Village, which are currently occupied under unit title arrangements)

radius
care 
Caring is our calling