radius care

Caring is our calling

Annual Report

2021

RADIUS RESIDENTIAL CARE LIMITED

Welcome

Radius Residential Care Limited is a specialist health and aged care provider for elderly and disabled New Zealanders. We are a New Zealand owned and operated company committed to providing high-quality clinical care outcomes for people who require help in their daily lives.

We operate 22 aged care facilities across the country with more than 1,700 care beds. We own three of these facilities and lease 19. Radius Care also owns and operates two retirement villages comprising 76 units. Our core 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 lower acuity rest home level care and as such covers the full continuum of care across the aged care segment.

Radius Care listed on NZX on 10 December 2020. Whether you were one of our investors who was a shareholder at that time or have joined us since, we warmly welcome you. Thank you for putting your trust in us and joining our journey. Radius Care is focused on offering exceptional quality services to our residents. By doing this we will create sustainable long-term value based on a focused strategy and supported by strong governance.

This is our first Annual Report as an NZX listed company. We have set out in this report an overview of the key drivers of the Radius Care business. Updating you on the financial and operational performance and outlook, you'll be well placed to assess our performance and our future.

Contents

This report covers the financial year ended 31 March 2021 and is dated 28 May 2021. The report has been approved by the Board and is signed on behalf of Radius Residential Care Limited by Brien Cree, Executive Chairman and Hamish Stevens, Director.

Brien Cree

Hamish Stevens

A day at a Radius Care facility

Radius Care's daily activity programmes use a range of touchpoints to support, challenge and enhance residents' psychological, spiritual, social, emotional and physical wellbeing. Sensory enrichment activities such as education sessions, outings, discussion groups, cooking, beauty therapy, exercise, gardening and music are standard offerings at all facilities.

During the nationwide Level 4 lockdown enabling residents to keep in touch with their families was a priority. Radius Care staff taught residents to use Skype, Zoom, Whatsapp and Facetime on their own and the company's hardware. When physical visits were simply not possible, residents' use of social media platforms for contact with family and friends became an important and every day activity.

2021 Highlights and Key Events

17 March
2020

All Radius sites locked down as a result of COVID-19 threat

26 March
2020

New Zealand entered nationwide Level 4 lockdown

June
2020

Stuart Bilbrough returns to Radius Care as CEO

September
2020

Board approves decision to undertake NZX listing

December
2020

Appointment of Mary Gardiner and Hamish Stevens as independent directors

10 December
2020

NZX Listing

February
2021

Payment of FY21 interim dividend

April
2021

Announcement of exercise of option to purchase 4.3ha site at Belfast, Christchurch

Caring is our calling

Exceptional People, Exceptional Care

COMMITMENT
Leaders in care

COURAGE
Do the right thing

COMPASSION
Act with empathy

The foundation that every Radius Care facility is built on.

Operating and Financial Highlights

Operating Highlights

	FY2021	Change
Overall beds (period end)[1]	1,715	+11
Bed occupancy (March 21 month)[2]	93.4%	+1.8%
Underlying EBITDA per Care Bed[3]	$19,505	+13.3%
Retirement village units (period end)	76	+3
Staff (period end)	1,560	+58
Revenue composition		
Government funded aged care	63.8%	-2.0%
Direct private revenue[4]	11.0%	+2.9%
Indirect private revenue[5]	25.2%	-0.9%

Financial Highlights

	FY2021	Change
Underlying EBITDA[6]	$23.4m	+$5.1m
Pre-NZ IFRS 16 Underlying EBITDA[6]	$10.5m	+$4.7m
AFFO[6]	$3.7m	+$4.2m
Total assets	$273.4m	+$2.6m
Net interest bearing bank debt	$24.5m	-$4.7m
Total gross fully imputed dividend declared for year	1.46 cps	

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. Underlying EBITDA for aged care divided by average number of Care Beds occupied during the period
4. Reflects full or partial private aged care payments where the resident exceeds means testing threshold
5. Includes accommodation supplements, retirement village revenues, Radius Online Shop revenue and other privately paid
6. These measures are non-GAAP measures. The definitions and calculations of these measures in this report can be found on pages 37 – 39 of this report. The +$4.2m change in AFFO in FY2021 is calculated on AFFO for FY2020 of $(0.5)m, which has been revised from the FY2020 AFFO of $0.8m shown in the 10 December 2020 NZX Listing Profile due to a reclassification of the deferred tax on the FY2020 revaluation of the three owned properties. The impact of this reclassification was an increase of $1.339m in FY2020 current tax and a corresponding decrease of $1.339m in FY2020 deferred tax.

Radius Care at a Glance

Sites

22 aged care facilities nationally

3 owned **19** leased

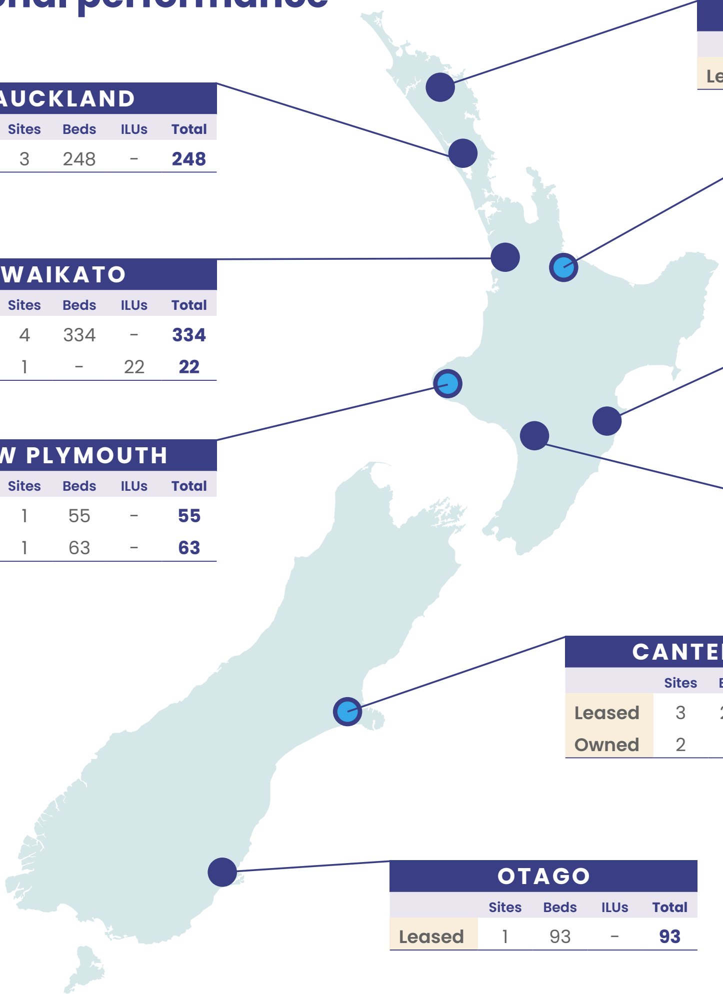
Aged Care Beds

1,700+

Retirement Villages

2 comprising 76 units owned

National portfolio with strong regional performance



NORTHLAND

	Sites	Beds	ILUs	Total
Leased	3	155	–	**155**

AUCKLAND

	Sites	Beds	ILUs	Total
Leased	3	248	–	**248**

BAY OF PLENTY

	Sites	Beds	ILUs	Total
Leased	2	266	–	**266**
Owned	1	63	–	**63**

WAIKATO

	Sites	Beds	ILUs	Total
Leased	4	334	–	**334**
Owned	1	–	22	**22**

NAPIER

	Sites	Beds	ILUs	Total
Leased	1	45	–	**45**

NEW PLYMOUTH

	Sites	Beds	ILUs	Total
Leased	1	55	–	**55**
Owned	1	63	–	**63**

PALMERSTON NORTH

	Sites	Beds	ILUs	Total
Leased	1	62	–	**62**

CANTERBURY

	Sites	Beds	ILUs	Total
Leased	3	279	–	**279**
Owned	2	52	54	**106**

OTAGO

	Sites	Beds	ILUs	Total
Leased	1	93	–	**93**

Denotes leasehold sites

Denotes freehold sites

Employees & Residents

1,500+ Employees

1,700+ Beds

Letter from the Chairman

I am delighted to present the annual report for the year ended 31 March 2021 for Radius Residential Care Limited.

This is the first report for Radius Care as a listed company. The 2021 financial year will be memorable for two significant events – the company's listing on NZX and for the global impact of COVID-19.

NZX listing

Radius Care listed on NZX on 10 December 2020. The listing was one of the first direct listings on NZX for some time. Whilst Radius Care has a clear strategic growth focus around (1) the purchase of the land and buildings of strategically important facilities it currently operates, (2) leveraging its existing Brownfield and Greenfield acquisition capabilities and (3) undertaking opportunistic value accretive acquisitions of aged care focused facilities the timing of opportunities is inherently uncertain. As such, the direct listing allowed Radius Care to firstly, achieve an NZX listing, and subsequently, focus on its strategic growth objectives. Our listing documents (being our Listing Profile and Supplementary Financial Information) are available in the investor section of the Radius Care website (see www.radiuscare.co.nz/investors-centre/listing-documents.

Trading on NZX to date has been relatively light, with an average of about 50,000 shares a day trading between 1 January and 31 March 2021. While our existing shareholders have been able to enjoy the benefits of a more liquid market for their shares, most have chosen not to sell at this point.

Radius Care offers high acuity, specialised care in New Zealand with a commitment to and focus on delivering compassionate and outstanding clinical care outcomes.

COVID-19 response

The start of the 2021 financial year saw New Zealand in lockdown and unprecedented operating procedures in place across all of our facilities. Scenario planning and testing is a regular feature of our operating procedures and risk mitigation. A pandemic plan had been thoroughly tested and was activated prior to New Zealand moving to Alert Level 4 on 26 March 2020. We would like to thank our residents, their families and our suppliers for their complete co-operation with the procedures that were required to be put in place to keep all of our residents safe. Our utmost thanks must also go to our dedicated staff for their professionalism, resilience and the level of care that was shown for all of those around them throughout the lockdown periods.

Our market positioning and care strategy

Radius Care offers high acuity, specialised care across New Zealand with a commitment to and focus on outstanding clinical care outcomes, delivered with compassion.

We provide a full range of accommodation and care options from retirement village to rest home care through to high acuity and specialist care. Services under the latter category means hospital, dementia, psychogeriatric, physical and intellectual care. Radius Care provides a broad offering allowing residents the confidence that they can "age in place" as their care needs change, however our key focus is on providing high acuity and specialist care. This greater focus on aged care and in particular high acuity and specialist care differentiates Radius Care from other NZX listed aged care and retirement village operators.

Radius Care is New Zealand's leading provider in the high acuity and specialist care segments of the aged care market. Its strong care reputation has created a clear and defendable competitive advantage. The high acuity and specialist care segment is expected to see the greatest increase in Care Bed demand with an aging population and increased dependency levels being the key drivers. This is expected to see it continue to generate the industry's highest margins per Care Bed. Strong regulatory and operational requirements create high barriers to entry for companies that choose to compete against Radius Care.

Our growth strategy

Whilst historically Radius Care has predominantly leased its facilities it has a strategic focus of increasing the proportion of facilities it owns, where it makes strategic sense to do so. For

Letter from the Chairman continued

example, Radius Care would consider acquisitions of sites it operates but does not own if:

- development potential may be constrained by the landlord;
- to enhance its legal position allowing a Care Suite (Occupation Right Agreement (ORA) over a Care Bed) product to be offered;
- where it provides greater control over its cost base; or
- where there are funding benefits

Radius Care currently owns three of the aged care facilities and both retirement villages that it operates. We lease 19 aged care facilities. Where the opportunity to purchase any strategically important leased facilities at an attractive price arises, we will look to purchase.

We have identified the opportunity to, in time, develop an additional 144 Care Beds on existing owned facilities. Brownfield developments provide strong value accretion to Radius Care as there is nil land cost associated with them and, as extensions to existing facilities with known catchment demand, they are generally low risk in nature. Our property development team is currently undertaking more detailed work on the Brownfield Development pipeline.

In future developments high acuity and specialist care will continue to be the core offering at each property. The optimal Greenfields Development will comprise a boutique integrated aged care and retirement village in regional or main centres, accommodating a facility of 100 Care Beds/Care Suites and 100 Retirement Units or more. We will however consider other value accretive Greenfield Developments that present themselves but don't exactly fit this model.

In addition, the aged care market in which Radius Care operates remains highly fragmented with approximately 50% of the market still owned by small operators. Over its history Radius Care has acquired 26[7] facilities with 22 of these retained. We are frequently contacted by smaller operators seeking to sell their facilities. We will continue to make acquisitions where opportunities arise that fit with our strategy and are value accretive.

In order to accelerate the execution of this strategy to drive our next phase of growth, I became Executive Chairman in June 2020 and Stuart Bilbrough, who had been Radius Care's Chief Financial Officer between 2010 and 2017, returned as CEO. In his report to you Stuart talks about our next Greenfields property development which is an example of our strategy in action.

Dividends

Radius Care's dividend policy is to target a pay-out ratio of 50% to 70% of full financial year available funds from operations (AFFO) with an interim dividend to be paid in December and a final dividend to be paid in June of each year. Each dividend will comprise approximately half of the expected full year dividend. A number of factors will be considered, 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.

Guidance was provided of a total cash dividend (net of imputation credits) of between 0.83 and 1.00 cent per share to be paid for the 2021 financial year, comprising dividends to be paid in February and June.

A gross fully imputed interim dividend of 0.58 cents per share was paid on 26 February (being a cash dividend of 0.41 cents per share with 0.17 cents per share of attaching imputation credits). A gross fully imputed full year dividend of 1.46 cents per share (being a cash dividend of 1.05 cents per share with

7. Radius Care sold facilities at Glenbrae, Lester and Seaview and closed a facility at St Ives following the Christchurch earthquakes.

0.41 cents per share of attaching imputation credits). The record date is 14 June 2021 and the payment date is the 21 June 2021 for the final dividend.

Our people

I would like to thank my fellow Directors, the Chief Executive and the management team for their exemplary contribution to the Company.

On behalf of the Board, I want to acknowledge our 1,500+ employees who have gone above and beyond through this year, especially in response to the enormous challenges presented by COVID-19. Continuing to provide high quality care for our residents through such challenging times, recognising that our residents include some of New Zealand's highest needs patients, was exceptional and showed huge levels of commitment. Thank you.

Outlook

The Board and management of Radius Care are firmly focused on continuing our strong performance in FY2022 and remain focused on our growth strategy. We will continue to ensure our residents receive exceptional care and ensure day to day operations are run efficiently and in line with contract requirements. Where opportunities to expand the business present themselves, they will be carefully assessed.

Brien Cree

Executive Chairman and
Managing Director

Q&A

with Executive Chairman Brien Cree

What brought you into the industry?

I've long had a desire to be involved in an industry that adds value. My path into aged care started when my mother had a severe stroke and we immediately needed to find care for her. The care homes we looked at left me thinking there was an opportunity to offer something considerably better. My first purchase was a 54 bed aged care facility, ***Heatherlea***, that I bought in 2003 and Radius still owns it.

And what were you doing before that?

I was involved in property in the 80s and early 90s in Wellington. I then worked in business broking and specialised in aged care. Pretty quickly I moved into owning aged care facilities and it was when my mother became unwell that I seriously looked at the clear opportunities to offer really good care. The opportunity to start Radius came next and here I can combine all my interests – property development and management, care and interacting with the elderly.

2021 was a year like no other. What are your standout memories?

A couple of things – the difficulty and stress in making decisions without any knowledge of what the outcome of COVID-19 was going to be. I took the decision to lock down our facilities ahead of other operators. That created a media frenzy that was a distraction. Looking back now it was clearly the right thing to do but it was heavily challenged at the time. A week later everyone else was doing what Radius had already done and the Prime Minister announced New Zealand was going to Lockdown Level 4.

Another thing that is still very clear in my mind is the tremendous support we had from staff. Radius was declared early on to be offering an Essential Service and that meant some of the head office team were still coming in to work every day. We'd have a call with the facilities at the start of every day, decide the day's priorities and then start working on them to ensure our residents continued to receive superb levels of care and our staff at all of our facilities were as well supported as possible. I made videos for the staff to keep them in the loop on what we were doing. The staff that run the facilities and the staff at the Parnell head office are a fairly close knit team but it brought us even closer together. I'm so proud of them and the lengths they went to to uphold the Radius values and put the residents first.

The NZX listing was also a significant milestone. Fortunately, it came after the COVID-19 situation had been stabilised and we had more line of sight as to what was happening and where New Zealand was going. Listing on NZX is an experience that happens to very few companies in New Zealand. It was a really positive way to sign off 2020. While we're a mature business we've lifted to another level as we prepped for the listing. We're structured and ready to grow again.

And even with everything else that was going on we were able to exercise an option for the new 4.3 ha site in Belfast, Christchurch. We're planning for a new integrated aged care and retirement development with 70 Care Beds, 30 Care Suites and 94 Units to be constructed.

Are there any new areas of business or extensions of current services that are appealing?

I've been running Radius for 17 years and I know we lead the sector in new technologies and new processes. Over the next 10 years I think we'll see Radius being clearly recognised as the leading aged care provider in New Zealand and setting the standard by which the industry is judged. Having said that, we are developing a good model in care suites and boutique village developments and that's where we're going to continue to operate. Our competitive advantage is in the combination of care and bricks and mortar. It's just a matter of finding appropriate sites. The ideal is a site of 4 to 5 hectares or more. That gives us enough land to build a large care facility and boutique village development. The Belfast Christchurch property will be the second of this model.

What trends are you seeing that might influence uptake of Radius Care beds?

Care is becoming more complex. Radius Care's focus on care has us at the forefront of new initiatives in an industry where the barriers to entry are continuing to steadily grow. I see more and more demand for our services, and we'll be growing to cater for that.

How do you think 2022 will look different to an "average" year for Radius Care?

The recent announcement of the removal of DHBs will mean the start of a simplification of our processes. We currently work with all of the DHBs and there's no consistency between them in their purchasing of services. I think we'll also see a continuation of the increase in demand for our services. And there's a steady stream of expansion opportunities presenting themselves. I'm very focussed on our strategic growth pathway and hope to demonstrate strong progress this year.

What are some of the new technologies you've seen recently that you might introduce to benefit patients?

Where we decide to adopt new technologies, we'll do it because it frees up time for our staff to spend more time with residents. As an example, we've introduced a check-in kiosk for visitors at all of our sites. You enter your details, your temperature is taken and you're sent a QR code to use for the next time you go to that facility. We're the first aged care provider to introduce this system. It makes for an easy and pleasant check-in experience that doesn't require staff support.

What's different about your role as Executive Chairman from Chief Executive?

As Chairman I look after the strategic direction and long term growth of the business. Stuart, as CEO, looks after the day to day operations of Radius Care. We're a strong team and this builds on the strengths we each bring to the business.

If you weren't Chair of Radius Care, what would you be doing?

I'd be running an aged care business with development opportunities. I love it and know a lot about it so why would I do anything else? Keeping on top of making sure our residents and staff were safe from COVID-19 and listing Radius on NZX was a major focus in the 2021 financial year. Strategic progress is a high priority for me alongside indulging in my passion for fishing, surfing and boating.

Chief Executive's Report

Stuart Bilbrough

This is the first Radius Care annual report as a listed company and my first annual report as the Radius Care Chief Executive. I was the company's Chief Financial Officer from 2010 until 2017 and rejoined in June 2020 as Chief Executive, giving me responsibility for the Company's day to day activities. I know the company well and am delighted to be able to guide its journey on your behalf.

The 12 months to 31 March 2021 proved to be an incredibly challenging year. While the NZX listing of Radius Care was a project that required considerable input from the executive team, it did not shift the priority that we place on care for our residents. Their wellbeing is our complete focus 24 hours a day 7 days a week.

COVID-19

Ensuring our facilities run smoothly and safely is always our top priority and highest commitment. The safety aspect of that commitment took on an added dimension of importance during the Government-mandated lockdowns of the past 12 months. Before I rejoined Radius Care in June, the aged care industry, all of New Zealand and the whole world was taking action to combat the COVID-19 pandemic. As Brien highlighted in his report, it was all hands to the pump and must have been a crazy time which would successfully result in no cases of COVID-19 in our facilities.

On Tuesday 17 March 2020, a few days prior to New Zealand going to Alert Level 4, all of Radius Care's facilities moved to "restricted access" mode due to the risk Covid-19 posed to older adults. This limited visits from anyone who was not a staff member or resident. As the first aged care provider to restrict access to their facilities, this initially caused concerns however with our peers following suit within a day or two, it quickly became standard across the industry in New Zealand.

"It was all hands to the pump and it must have been a crazy time which would successfully result in no cases of COVID-19 in our facilities."

Our aged care operations were deemed to be an essential service. That enabled management to continue to come to work at our Auckland-based office to provide support to our staff working at our facilities. Our operating procedures quickly moved to daily calls between the executive office and all of our facilities across New Zealand, rapid responses to the variety of issues that arose and underpinned by a strong combined sense of "we're going to get through this". The Radius Care team worked as one and without external support, as we navigated a rapidly changing environment.

Financial performance

We are pleased to have delivered a strong first result with:

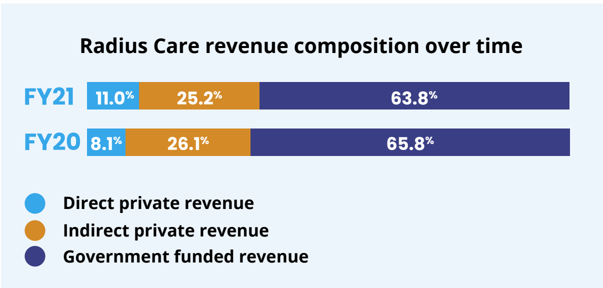
- Underlying EBITDA of $23.4 million, in line with our guidance of $23.0 million to $23.8 million;
- Pre-NZ IFRS Underlying EBITDA of $10.5 million in line with our guidance of $10.2 million to $11.0 million; and
- AFFO of $3.7 million, slightly ahead of our guidance of $2.9 million to $3.5 million

A Financial Report has been included at pages 27 to 73 of this report and provides an analysis of the financial performance for the 12 months to 31 March 2021.

At 31 March 2021, Radius Care had net interest bearing bank debt of $24.5 million, down $0.3 million from $24.8 million as at 30 November 2020.

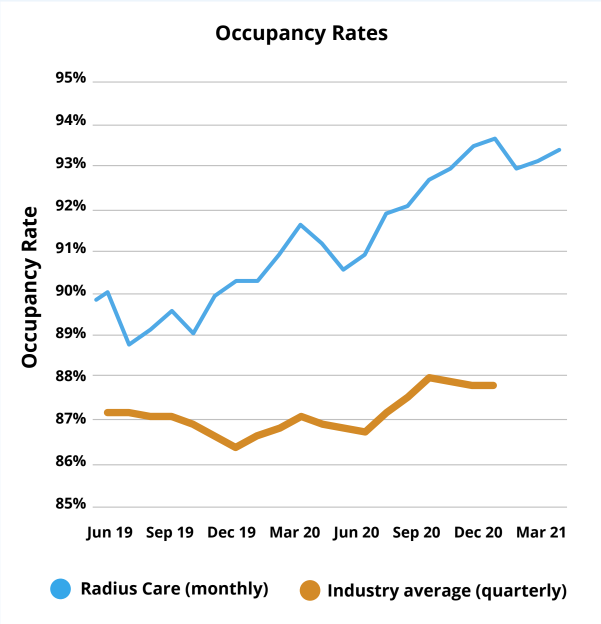
Funding mix and occupancy

Radius Care's revenues have a high proportion of Government funding. In recent years we have been increasing the proportion of revenues derived from non-Government sources, most notably through a material increase in direct private payments from a combination of accommodation supplements, and retirement village revenues.



Aged care bed monthly average occupancy as at 31 March 2021 was 93.4%, the highest level we have seen at Radius Care. This was up from 92.7% as at 30 September 2020 and 90.6% in May 2020. Several of our facilities operated at close to 100% for a number of months during the year.

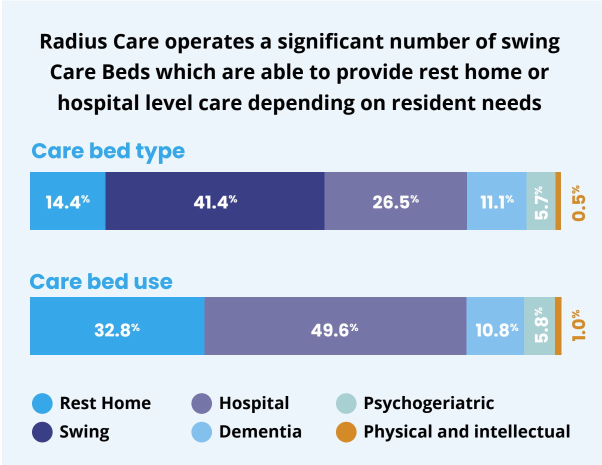
Chief Executive's Report continued



We manage our bed mix in order to be able to quickly redeploy beds as specific situations arise that require a shift. Around 710 or 41% of our beds are swing Care Beds which are available for either rest home or hospital level care depending on resident needs. This is 22% or 128 beds up on last year but is indicative of where this is likely to continue to sit in future years.

For the financial year	2021	2020
Number of Care Beds (period end)	1,715	1,704
Average Care Bed occupancy	92.4%	90.0%

For the 12 months to 31 March 2021 some 11 additional beds were added to the pool that Radius Care operates. Our bed portfolio is heavily oriented to the provision of aged care to the high acuity and specialist care segments. The overall proportion of high acuity and specialist care beds is 86% of our overall beds. These types of bed typically generate higher margins across the industry. This reflects our long term expectation for the proportion of beds in this segment.



Our people

Our day to day operations are heavily reliant on our ability to continue to attract and retain suitably skilled and experienced people. Once employed by us, we want to support our staff to ensure they're able to offer their very best every day. It's important that Radius Care consistently delivers high-quality service to our residents so it's also important that an enjoyable and stimulating work environment is offered to our staff.

Staff retention and turnover improved significantly over 2020. Our staff turnover rate for the FY21 year for staff working in our facilities was 32% and has averaged 37% over the past three years.

Radius Care is an NZ Immigration accredited employer. This would normally significantly increase the speed with which staff can be brought on board. Closed borders meant we were unable to rely on immigrant nurses whereas over the last three years, around one third of new Radius Care registered nurses have come through the NZ Immigration pathway. We have pushed for changes to the immigration arrangements for our nurses' families and were delighted to see the Government recently announce changes to allow the families' immigration arrangements to be fast tracked.

Retirement village sales

Our retirement village business is currently based around villa style units rather than an apartment products.

Financial period	FY20	FY21
Number of Units (period end)	73	76
Number of new Unit sales	8	6
Number of existing Unit resales	-	7

Development activity and building programme

Radius Care operates a nationwide portfolio of aged care facilities with a focus on both key urban 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.

Our overall approach to development is to continue to predominantly look to care facilities as being the anchor of our business.

As at 31 March 2021 the average time to the next lease renewal stood at 9.1 years with an average time to expiry of 27.7 years, assuming all leases continue to be renewed.

Rent increases across the portfolio of leased facilities is based on a mix of CPI increases and independently assessed market rent reviews. Rents increased by an average of 4.9% during FY2021.

Radius Care has a strong track record in undertaking Brownfield and Greenfield developments. Brownfields is a development on land that already includes operational aged care or retirement villages. Greenfields is a development on land that does not contain any operational aged care or retirement village facilities. Development work will remain a core part of our growth strategy.

Our most recent Greenfield development, Elloughton Grange Village in Timaru, had just one villa unsold and three going unconditional as at 31 March 2021 of the 54 in the village. This is an outstanding success for a development for which construction started in October 2014.

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

- two Brownfield Developments on owned facilities, totalling approximately 64 Care Beds/Care Suites in aggregate;
- three Brownfield Developments on leased facilities, totalling approximately 60 Care Beds/Care Suites and 20 Units in aggregate;
- two Greenfield Developments, totalling approximately 200 Care Beds/Care Suites and 200 Units in aggregate. The Belfast, Christchurch facility (outlined in more detail below) will be the first of these developments.

In line with this strategy and just after balance date we announced that Radius Care had exercised its right to acquire some 4.3 hectares of development land in Belfast, Christchurch for a Greenfield Development. Resource consent has been issued by Christchurch City Council for a new integrated aged care and retirement village facility totalling 70 care beds, 30 care suites and 94 retirement village units to be constructed on the property.

Settlement of the land is expected to take place in early 2022. We are currently progressing the final facility design, obtaining building consents and commencing construction contracting discussions in relation to this development.

While the retirement village offering is a core part of our growth strategy, we remain committed to being a predominantly aged care provider and will not undertake village-only Greenfield developments. We have a minimum age requirement for entering our retirement village facilities of 70 years. The average resident age as at 31 March 2021 was 80.4 years.

Chief Executive's Report continued

Outlook

The 2022 financial year has started well for us. We have seen a continuation of the high occupancy levels experienced through the last half of the 2021 year.

Industry dynamics are supportive of Radius Care's overall business performance in the medium and longer term seeing continuing growth. Demand for Care Beds, particularly at high acuity and specialist care levels, is expected to remain strong as supported by EY's Aged Residential Care Funding Model Review undertaken in September 2019.

Radius Care's operations and portfolio are heavily oriented to the high acuity and specialist care segments of the aged care industry. Government spending has historically been a very significant contributor to Radius Care's revenue however private funding is an increasingly important driver of growth in overall revenue. This provides a clear demand-driven growth pathway alongside which Radius will continue to expand its care bed and village offering and deliver compassionate and outstanding clinical care outcomes.

At the time Radius Care listed on NZX it provided guidance in relation to three key financial metrics. It has chosen to again provide guidance in relation to the FY22 year for these measures. Radius Care does not commit to providing guidance for future financial periods.

Guidance for the 12 months to 31 March 2022:

- Underlying EBITDA of $23.5m to $25.5m;
- Pre-NZ IFRS 16 Underlying EBITDA of $10.5m to $12.5m; and
- AFFO of $3.7m to $4.7m.

An update on the 2022 year will be given at the Annual Meeting.

Stuart Bilbrough
Chief Executive

Case Studies

Innovative IT

Problem

The immense amount of paperwork to keep facilities safe, secure and protected from COVID-19 and other transmissable viruses.

Solution

Radius Care's custom-built self-check in kiosk to combine visitor's health and safety register with a health questionnaire and temperature check.

Result

Units will be installed throughout Radius Care facilities by the end of 2021.

The kiosk prototype being tested at Radius St Joans in Hamilton.

Radius Care's custom-built self-check in kiosk.

COVID-19's arrival in New Zealand saw Radius Care take an industry leading response in quickly installing practical restrictions to visitors to ensure residents were kept protected from the virus. A new self-check in kiosk was developed, custom-built for us to keep our facilities safe, secure and protected from COVID-19 and other transmissible viruses. The kiosk became affectionately known as Florence.

Prompted by the additional restrictions on visitation during the COVID-19 pandemic, the kiosk combines the visitor's health and safety register with a health questionnaire and temperature check.

When a visitor enters the Radius Care facility they will:

- See a tablet on a pedestal to check in
- Enter standard details about the visit such as their name and who they are visiting
- Fill out a COVID-19 health questionnaire
- Place their fist, palm down, under the temperature scanner to be accurately temperature checked.

The software will give the green light for 'safe visitors' to enter. However, if their temperature is elevated or answers to health questions spark an issue, the screen will refer them to the receptionist. This allows Radius Care staff to get more detailed information and make an informed decision around visitation.

Pilot tested at Radius St Joans, visitors can pre-register online ahead of time to receive a QR code. When they arrive, perhaps during a short lunch break, they simply scan the QR code and undertake a quick temperature check before proceeding.

Units will be installed throughout Radius Care facilities by the end of 2021. Looking ahead, the health questionnaire is adaptable to any COVID-strand, dangerous flu variant, or transmissible virus that New Zealand encounters.

The kiosks will greatly reduce paperwork which is currently required to be collected and stored for 10 years. A larger facility could receive up to 100 visitors a day, who would each need to complete two forms. The cumulative impact is an immense amount of paperwork.

Vaccine Education

Problem

The misinformation and rumours regarding the safety of the Pfizer/BioNTech vaccine.

Solution

Create an internal communication program filled with factual information to inform residents and staff before the vaccination is offered.

Result

High vaccination uptake of residents and staff.

Radius Care's proactive approach.

The Pfizer/BioNTech vaccine is the best way to protect residents and staff from the most severe symptoms of COVID-19. It allows facilities nationwide to reduce their exposure risk as the borders begin to open.

Our Head of Infection Control, Corrie Bronkhurst, was confident that much like the annual flu vaccination campaign, Radius Care would manage the COVID-19 vaccination rollout effectively.

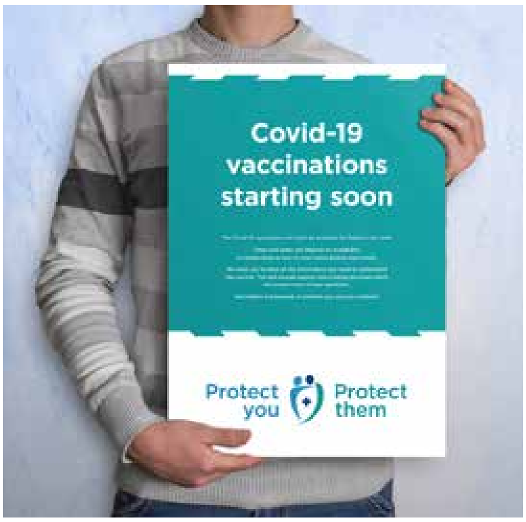
However, rumours swirled when the Pfizer/BioNTech vaccine first reached New Zealand shores, and there was a risk that low uptake – especially amongst our staff or residents – would leave the people we care for vulnerable to the virus.

Radius Care took a proactive approach, undertaking a comprehensive internal communications plan which included posters, videos, and brochures with essential, factual information for staff to understand the vaccination ahead of being offered it. Staff continue act as trusted influencers to those around them.

Facilities work closely with DHBs to book in vaccination dates, and on the day, facilities distribute stickers to vaccinated staff and residents to highlight an individual's contribution to protecting the Radius community.

The uptake amongst both staff and residents is high, with many facilities reporting around 90% uptake of the vaccine. By taking a one team approach to encourage all of the Radius Community to take the vaccine – staff, residents, family and friends – we aim to provide the safest care for residents.

Elloughton Gardens staff in Timaru received their second vaccination in May 2021



Caring is our calling

Commitment, courage and compassion are the three values that all Radius Care staff live each day. We're committed to providing the best possible care; have the courage to advocate for our residents; and knowing that compassion is the most important part of our role.

The fact that over 140 staff members have worked at Radius Care for over 10 years is testimony to a supportive and challenging work environment. This support includes regular in-house training and ongoing skills development which ensures our staff are updated on the latest health care practices and feel confident in their role. Examples of this are:

Pure Wellness

The once a year wellbeing month sees facilities across the country offering complimentary wellness initiatives including physio appointments, pilates and Zumba classes, steps challenge and a healthy soup available all day for staff.

Rhythm of Leadership

The nine-month programme for Clinical Managers, Facility Managers and Support Office staff provides everyone with the opportunity to be the best version of themselves.

Value Cards

Staff who show great examples of value-led work are rewarded with presents such as special tokens, prezzie cards or a coffee vouchers, to value and recognise staff effort throughout the year.

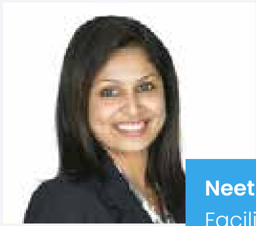
Cap Course

Radius Care regularly assists healthcare assistants to have overseas qualifications officially recognised in New Zealand.

NZQA Level 2 & 3

Radius Care also offers financial and practical assistance for all cleaning staff towards obtaining the NZQA Level 2 & 3 qualification. This not only helps their career but improves their pride in what they do.

Radius Care employs more than 1500 people, and all our staff – Management, Nurses, Health Care Assistants, Cleaners, Cooks – are highly qualified and committed to providing the best in aged care. Neethu Roji and Nofo Nauma are examples of staff who were supported in their career progression by management.



Neethu Roji
Facility Manager

A talented Registered Nurse originally from India, Neethu has through sheer determination and hard work progressed from a Health Care Assistant to Facility Manager at Radius St Helenas – in less than five years! Neethu is very passionate about looking after people, both staff and the residents, and is proud to be part of the excellent team at the 52-bed facility in Christchurch.

Nofa Mauma
Health Care Assistant

After being encouraged by her manager at Radius Fulton in Dunedin, Nofo enrolled at New Zealand Tertiary College to complete the New Zealand Certificate in Health and Wellbeing to further progress her career. Nofo says that: "It's so rewarding contributing to a team; bringing out the best in myself and my colleagues to fulfil our goals and see positive results in the healthcare setting."

Directors and Senior Management

Board of Directors

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.

Directors continued

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.

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, FCA, FCIS, CMInstD

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 Chartered member of the Institute of Directors, Fellow of Governance New Zealand and is a New Zealand Fellow Chartered Accountant.

Hamish Stevens

Independent Director
MCom (Honours), MBA, CA, CFInstD

Hamish Stevens 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, Northport, 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 fellow of the Institute of Directors.

Senior Management

Radius Care's senior management team currently comprises:

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.

Senior Management continued

Margaret Paramore

General Manager, People and Culture
Bachelor of Science; Postgraduate Diploma in Marketing

Margaret Paramore joined Radius Care as General Manager of People and Culture early 2021. Margaret has 25 years' experience in a variety of industries including sales, marketing, market research, and learning and development. She has worked in a number of different industries such as fast moving consumer goods (FMCG), over the counter medicines (OTC), pharmaceuticals, and primary care. Notable companies include GlaxoSmithKline, Roche, Smith and Nephew and Nielsen. Margaret has worked extensively abroad in the United Kingdom, Ireland and Europe and has recently returned home to New Zealand.

Sam Carey

General Manager, Marketing and Retail
Bachelor of Business

Sam Carey completed a Bachelor of Business, majoring in Marketing and International Business at AUT in 2008. He subsequently travelled through Europe and North America looking to test his trade. In 2011 Sam was employed to start up in-house marketing at Radius. He now oversees the national brand strategy, regional campaigns and PR. Since 2015 Sam was an integral part of developing the newest revenue generator for the company, the Radius Online Shop – www.radiusshop.co.nz. Outside of work Sam loves all things sports and is an avid competitor in Squash and Golf. He is a current member of the Remuera Rackets Club Board Committee.

Gared Thomas

General Manager, Village and Development
Bachelor of Business

Gared Thomas completed a Bachelor of Business, majoring in Management at AUT in 2010. Gared joined Radius Care in 2019 and is responsible for all Radius property development across New Zealand. Gared has over 20 years of construction experience in various disciplines, including starting and growing a successful weather tightness business which he sold in 2015. He is passionate about delivering our village and care home residents with high-quality, well designed, and enjoyable spaces to live.

Financial Statements Contents

radius care

Caring is our calling

CONSOLIDATED

Statement of Comprehensive Income

For the year ended 31 March 2021

	Note	2021 $'000	2020 $'000
Revenue			
Revenue from contracts with customers	2.2	121,217	113,359
Deferred management fees	2.2	1,081	671
Total revenue		**122,298**	**114,030**
Fair value movement of investment properties	3.1	2,879	(649)
Government subsidy received		794	353
Interest income		71	49
Total revenue and other income		**126,042**	**113,783**
Expenses			
Employee costs		(74,457)	(70,852)
Depreciation expense	2.3	(11,552)	(10,911)
Finance costs	2.3	(9,706)	(10,583)
Other expenses	2.3	(28,298)	(24,770)
Total expenses		**(124,013)**	**(117,116)**
Profit/(loss) before income tax		**2,029**	**(3,333)**
Income tax (expense)/ benefit	5.1	(324)	500
Profit /(loss) for the year		**1,705**	**(2,833)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit and loss			
Revaluation of property, plant and equipment, net of tax	3.2	1,104	5,708
Other comprehensive income for the year		**1,104**	**5,708**
Total comprehensive income		**2,809**	**2,875**
Earnings per share			
Basic and diluted earnings per share (cents per share)	4.2	0.97	(22.66)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED

Statement of Changes in Equity

For the year ended 31 March 2021

	Note	Contributed Equity $'000	Asset Revaluation Reserve $'000	Retained Earnings $'000	Total Equity $'000
Balance as at 1 April 2019		**4,736**	**-**	**13,434**	**18,170**
Loss for the year		-	-	(2,833)	(2,833)
Other comprehensive income for the year	3.2	-	5,708	-	5,708
Total comprehensive income for the year		**-**	**5,708**	**(2,833)**	**2,875**
Transactions with owners:					
Dividends paid	4.1	-	-	(225)	(225)
Total transactions with owners		**-**	**-**	**(225)**	**(225)**
Balance as at 31 March 2020		**4,736**	**5,708**	**10,376**	**20,820**
Balance as at 1 April 2020		**4,736**	**5,708**	**10,376**	**20,820**
Profit for the year		-	-	1,705	1,705
Other comprehensive income for the year	3.2	-	1,104	-	1,104
Total comprehensive income for the year		**-**	**1,104**	**1,705**	**2,809**
Transactions with owners:					
Share issue	4.1	1,196	-	-	1,196
Dividends paid	4.1	-	-	(732)	(732)
Total transactions with owners		**1,196**	**-**	**(732)**	**464**
Balance as at 31 March 2021		**5,932**	**6,812**	**11,349**	**24,093**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED

Statement of Financial Position

As at 31 March 2021

	Note	2021 $'000	2020 $'000
Assets			
Cash and cash equivalents		2,761	2,317
Trade and other receivables	5.3	7,744	7,648
Inventories		548	308
Property, plant and equipment	3.2	32,896	32,303
Right-of-use assets	3.4	177,170	181,431
Investment properties	3.1	31,675	27,831
Deferred tax assets	5.1	3,635	2,006
Intangible assets	5.2	16,996	16,996
Total assets		**273,425**	**270,840**
Liabilities			
Trade and other payables	5.4	14,911	14,086
Current tax liabilities		1,135	723
Borrowings	4.3	27,212	31,427
Deferred management fee	3.3	1,178	962
Refundable occupation right agreements	3.3	20,591	17,518
Lease liabilities	3.4	184,305	185,304
Total liabilities		**249,332**	**250,020**
Net assets		**24,093**	**20,820**
Equity			
Share capital	4.1	5,932	4,736
Asset revaluation reserve	4.1	6,812	5,708
Retained earnings		11,349	10,376
Total equity		**24,093**	**20,820**

The Board of Directors of the Company authorised these consolidated financial statements for issue on 25 May 2021.

For and on behalf of the Board

Brien Cree - Chair, Board of Directors

Hamish Stevens - Chair, Audit and Risk Committee

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED

Statement of Cash Flows

For the year ended 31 March 2021

	2021 $'000	2020 $'000
Cash flows from operating activities		
Receipts from residents for care fees and village fees	122,337	113,282
Receipts of government subsidy	1,210	-
Payments to suppliers and employees	(101,724)	(95,436)
Proceeds from the sale of Refundable occupation right agreements	3,927	3,705
Payments for the repurchase of Refundable occupation right agreements	(464)	-
Interest received	71	49
Interest paid - borrowings	(883)	(1,183)
Interest paid - lease liabilities	(8,823)	(9,400)
Income tax paid	(1,744)	(814)
Net cash provided by operating activities	**13,907**	**10,203**
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment	54	114
Payments for the purchase of plant and equipment	(3,577)	(11,305)
Payments for village developments	(965)	(3,723)
Net cash used in investing activities	**(4,488)**	**(14,914)**
Cash flows from financing activities		
Proceeds from bank borrowings	-	15,120
Repayment of bank borrowings	(4,215)	(4,038)
Repayment of shareholder loans	-	(5,030)
Principal repayment of lease liabilities	(4,028)	(3,035)
Dividends paid	(732)	(225)
Net cash (used in)/provided by financing activities	**(8,975)**	**2,792**
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at beginning of the year	2,317	4,236
Net increase/(decrease) in cash held	444	(1,919)
Cash and cash equivalents at end of year	**2,761**	**2,317**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED

Statement of Cash Flows continued

For the year ended 31 March 2021

	2021 $'000	2020 $'000
Reconciliation of profit/(loss) for the year to net cash provided by operating activities		
Profit/(loss) for the year	1,705	(2,833)
Adjustments for non-cash items		
Depreciation	11,552	10,911
Share based payments	1,196	-
Net (gain)/loss on disposal of property, plant and equipment	(26)	91
Fair value adjustment to investment properties	(2,879)	649
Fair value adjustment to financial instruments	-	(42)
Movement in deferred tax	(1,831)	(1,533)
Changes in operating assets and liabilities		
- Trade and other receivables and other assets	(79)	(465)
- Inventories	(240)	(140)
- Trade and other payables and other liabilities	798	482
- Current tax liabilities	412	220
- Refundable occupation rights agreements	3,299	2,863
Net cash provided by operating activities	**13,907**	**10,203**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED

Statement of Cash Flows continued

For the year ended 31 March 2021

Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the statement of cash flows. Changes in the carrying amount of such liabilities, which comprise bank borrowings and lease liabilities, are summarised below.

	Borrowings $'000	Lease Liabilities $'000	Total $'000
Balance as at 1 April 2020	**31,427**	**185,304**	**216,731**
- Repayment of bank borrowings and lease liabilities	(4,215)	(4,028)	(8,243)
Total changes from financing cash flows	**(4,215)**	**(4,028)**	**(8,243)**
Non-cash changes			
- Remeasurements	-	3,029	3,029
Balance as at 31 March 2021	**27,212**	**184,305**	**211,517**
Balance as at 1 April 2019	**25,375**	**191,903**	**217,278**
- Proceeds from bank borrowings	15,120	-	15,120
- Repayment of bank borrowings and lease liabilities	(9,068)	(3,035)	(12,103)
Total changes from financing cash flows	**6,052**	**(3,035)**	**3,017**
Non-cash changes			
- Remeasurements	-	(3,564)	(3,564)
Balance as at 31 March 2020	**31,427**	**185,304**	**216,731**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

1. General Information

1.1 Basis of Preparation

(i) Reporting Entity

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

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

(ii) Statutory Basis and Statement of Compliance

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

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'), except for Note 2.1: Non-GAAP Underlying Net Profit after tax ("Underlying Profit") and Non-GAAP AFFO ("Available Funds from Operations"), which is presented in addition to NZ GAAP compliant information. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS'), International Financial Reporting Standards ('IFRS') and other applicable New Zealand Financial Reporting Standards, as appropriate for for-profit entities. The Group is a Tier 1 for-profit entity in accordance with XRB A1 *Application of the Accounting Standards Framework.*

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

The balance sheet for the Group is presented on the liquidity basis where the assets and liabilities are presented in the order of their liquidity.

(iii) Functional and Presentation Currency

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

(iv) Measurement Basis

These consolidated financial statements have been prepared under the historical cost convention, with the exception of investment properties (note 3.1) and land and buildings included within property, plant and equipment (note 3.2).

(v) Key Estimates and Judgements

The Board of Directors and Management are required to make judgements, estimates and assumptions in applying the accounting policies. The estimates and associated assumptions are based on experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from the estimates, judgements and assumptions made by the Board of Directors and Management.

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

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

- Valuation of investment properties (note 3.1)
- Valuation of land and buildings (note 3.2)
- Lease extension and termination options & incremental borrowing rates (note 3.4)
- Impairment testing of goodwill (note 5.2)
- Impairment testing of right-of-use assets (note 3.4)
- Recognition of deferred tax (note 5.1)

In March 2020, the World Health Organization declared an ongoing global outbreak of a novel coronavirus ('COVID-19') as a pandemic. In response, the New Zealand Government implemented a range of public health and economic measures to mitigate the impact of the COVID-19 pandemic. Whilst the COVID-19 pandemic and measures implemented have lowered overall economic activity, the Group's earnings, cash flow and financial position have not been impacted since the outbreak began and up to the date of the signing of these consolidated financial statements. The Directors have assessed the impact of COVID-19 on these judgements and estimates and concluded that limited changes are necessary. This is primarily due to the Group being classified as a provider of essential services.

It is not possible to estimate the impact of the COVID-19 pandemic's short and long-term effects. As at the date of the signing of these consolidated financial statements, all reasonably known and available information with respect to the COVID-19 pandemic, has been taken into consideration and all reasonably determinable adjustments have been made in preparing these consolidated financial statements.

(vi) Comparative Information

During the current year, Management has simplified the consolidated financial statements to provide more relevant information that is easier to understand. Consequently, certain comparative information has been re-ordered, re-labelled; or where considered non-essential or immaterial, has been removed.

In the 2020 consolidated financial statements:

- the Group presented segment reporting information, however, this was not in accordance with how operating results are reported to the Groups' chief operating decision maker, and was included for consistency with retirement village and aged care listed peers in New Zealand; and
- cash flows from the sale and repurchase from refundable occupation right agreements are now included as part of cash flows from operating activities instead of cash flows from investing activities.

(vii) New and Amended Accounting Standards and Interpretations

All mandatory new standards, amendments and interpretations to existing standards that came into effect during the current accounting period have been adopted in the current year. None of these have had a material impact on the Group. The Group has not early adopted any standards, amendments or interpretations to existing standards that are not yet effective. They are not expected to have a material impact on the Group. There are a number of new standards and amendments to standards and interpretations that are not yet effective for the year beginning 1 April 2021. None of these have been identified as having a material effect on the Group's consolidated financial statements in the future.

Notes to the Consolidated Financial Statements continued

(viii) Segment Reporting

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

The Group operates in one operating segment being the provision of aged care in New Zealand. The chief operating decision maker, the Board of Directors, reviews the operating results on a regular basis and makes decisions on resource allocation based on the review of Group results and cash flows as a whole. The nature of the services provided and the type and class of residents have similar characteristics within the operating segment. The Ministry of Health is a significant customer of the Group as disclosed in note 2.2, as the Group derives care fee revenue in respect of eligible Government subsidised aged care residents. No other customers individually contribute a significant proportion of the Group's revenue. All revenue earned and assets held are in New Zealand.

1.2 Accounting Policies

Accounting policies which are relevant to understanding the consolidated financial statements are disclosed in each of the applicable notes. They have been applied on a consistent basis across all periods presented in these consolidated financial statements.

Other relevant policies are provided as follows:

(i) Goods and Services Tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Inland Revenue Department ('IRD'). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a net basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(ii) Measurement of Fair Value

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Further information about the assumptions made in measuring fair values is included in notes 3.1, 3.2, 4.1 and 5.2.

(iii) Government Grants

Government grants and subsidies to the Group are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

2. Operating Performance

2.1 Non-GAAP financial measures: Non-GAAP Underlying Net Profit after tax (“Underlying Profit”) and Non-GAAP Available Funds from Operations (“AFFO”)

Underlying Profit and AFFO are non-GAAP (non-Generally Accepted Accounting Practice) financial measures and differ from NZ GAAP, NZ IFRS and IFRS Net Profit after Tax and Net cash provided by Operating Activities, respectively. Underlying Profit and AFFO do not have a standardised meaning prescribed by NZ GAAP (Generally Accepted Accounting Practice in New Zealand) and so may not be comparable to similar financial information and measures presented by other entities. The Group uses Underlying Profit and AFFO, with other measures, to monitor financial performance and for shareholder dividend determination considerations. The Group uses these measures consistently across reporting periods.

The Group believes that these non-GAAP financial measures, which are not considered to be a substitute for or superior to NZ GAAP, NZ IFRS and IFRS measures, provide stakeholders with additional helpful information on the performance of the business. The non-GAAP measures are consistent with how the business performance is planned and reported within the internal management reporting to the Board and Audit and Risk Committee. Underlying Profit and AFFO are prepared in accordance with the basis of preparation described below.

Underlying Profit

Underlying Profit is a non-GAAP measure of financial performance and considered in the determination of shareholder dividends. The calculation of Underlying Profit requires a number of estimates to be approved by the Directors in its preparation. Both the methodology and the estimates may differ among other entities in the retirement village and aged care sector. Underlying Profit does not represent cash flow generated during the period.

Basis of preparation: Underlying Profit

The Group calculates Underlying Profit by making the following adjustments to reported Net Profit after Tax:

Adjustments

Non-recurring or infrequent items

1. **COVID-19 related expenses.** As part of the response to COVID-19, the Group incurred additional expenses, including personal protective equipment (PPE) costs and expenses in relation to additional sick leave and isolation leave from April 2020 to September 2020. The Group required staff to 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.
2. **Government COVID-19 related subsidy.** As with other aged care providers in New Zealand, the Group received funding during the year ended 31 March 2021 from the New Zealand Government in relation to the increased costs associated with COVID-19 which covered higher staff and PPE costs.
3. **One-off listing costs.** Costs incurred with the compliance listing on the NZX on 10 December 2020.
4. **Share based payments.** Shares were issued to employees and service providers as part of the compliance listing (note 4.1).

Structural changes and other

1. **NZ listed & other listed entity related costs.** Following its listing the Group incurred costs associated with operating in a listed environment in respect of Directors’ fees (including the additional independent Directors recently appointed to the Group), audit costs, listing fees, share registry fees, enhanced shareholder reporting costs and additional Director & Officer insurance costs. From the date of listing, the Group also incurred a fee of 3.5% per annum of annual rental and outgoings in relation to the personal guarantee in place with one landlord.
2. **Historical governance costs.** These relate to nonrecurring historical Directors, consulting and management fees previously incurred by the Group but now replaced by NZ Listed and other listed entity related costs.

The effect of these adjustments is to present the Group as if it has been listed for the current and comparative year.

Notes to the Consolidated Financial Statements continued

Income tax

Included is the potential income tax impact of the above adjustments (described under non-recurring or infrequent items and structural changes and other above). An effective tax rate of 28% has been assumed, where applicable.

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 properties relating to the Group'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 Occupation Right Agreements (ORA) Units following development.
- Inclusion of realised gains on Unit resales. Realised gains are calculated as the net cash flow received by the Group 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. Note, no adjustment is made for differences between accrued deferred management fees (DMF) and actual cash DMF realised.
- Removal of deferred tax expenses including those related to the application of NZ IFRS 16 ***Leases***, where applicable.

AFFO

AFFO is a non-GAAP measure of available cash used by the Group to indicate the level of shareholder dividend it may pay.

Basis of preparation: AFFO

AFFO is calculated from Pre-NZ IFRS 16 Underlying Profit by removing Pre-NZ IFRS 16 depreciation and amortisation and instead including maintenance capital expenditure. Pre-NZ IFRS 16 Underlying Profit 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 which instead includes depreciation on right-of-use assets and interest expense on lease liabilities, which materially exceed the actual cash operating rental lease expense payments.

Reconciliation of NZ GAAP financial measures to non-GAAP financial measures

	2021 $'000	2020 $'000
Profit/(loss) for the year	1,705	(2,833)
Adjustments		
Non-recurring or infrequent items		
Remove: COVID-19 related expenses	653	34
Remove: Government COVID-19 Subsidy	(857)	(353)
Remove: One-off listing costs	1,227	-
Remove: Share based payments	1,464	-
Structural changes and other		
Include: Listed & other company costs	(714)	(1,084)
Remove: Historical governance costs	417	350
Include: Income tax impact from adjustments	(270)	295
Underlying adjustments		
Remove: Change in fair value of investment properties	(2,879)	649
Include: Realised development margins	343	512
Include: Realised gains on resales	480	-
Remove: Deferred tax expense	(1,831)	(1,533)
Underlying Net profit before tax	**(262)**	**(3,963)**
Remove: Depreciation	11,552	10,911
Remove: Net interest expense	9,636	10,534
Remove: Current tax expense	2,155	1,033
Remove: Income tax impact from adjustments	270	(295)
Underlying EBITDA	**23,351**	**18,220**
Include: Pre-NZ IFRS 16 operating lease expense	(12,850)	(12,435)
Pre-NZ IFRS 16 Underlying EBITDA	**10,501**	**5,785**
Include: Depreciation (Pre-NZ IFRS 16)	(4,262)	(3,700)
Include: Net interest expense (Pre-NZ IFRS 16)	(812)	(1,134)
Include: Current tax expense	(2,155)	(1,033)
Include: Income tax impact from adjustments	(270)	295
Pre-NZ IFRS 16 Underlying Net profit after tax	**3,002**	**213**
Remove: Depreciation (excl. NZ IFRS 16 related)	4,262	3,700
Include: Maintenance capital expenditure	(3,543)	(4,400)
AFFO	**3,721**	**(487)**

Notes to the Consolidated Financial Statements continued

2.2 Revenue

Revenue from contracts with customers

Revenue from care and village fees and recoveries income is recognised in accordance with NZ IFRS 15 ***Revenue from Contracts with Customers*** ("NZ IFRS 15"). Deferred management fees and rental income are considered leases under NZ IFRS 16 ***Leases*** ("NZ IFRS 16"), and are therefore excluded from the scope of NZ IFRS 15. None of the Group's revenue, as defined by NZ IFRS 15, contains significant financing components.

Care and village fees and recoveries income

The Group derives revenue from the provision of residential care and related services. Rest home, hospital and service fee charges are governed by the individual care admission agreement with each care resident. The resident incurs a daily care fee charged per the agreement, as set by the Government each year. Care fees are recognised net of any rebates to residents.

The Group derives care fee revenue in respect of eligible Government subsidised aged care residents who receive rest home, dementia or hospital level care. Government aged care subsidies received from the Ministry of Health included in care fees and village services amounted to $78,019k (2020: $72,483k).

There are no elements of variable consideration of significant financing component associated with care and village fees and recoveries income.

Village fees are detailed within each resident's occupation right agreement and relate to the operating costs of the village. Revenue is recognised based on the daily or weekly fees charged, reflecting the period a resident has occupied a unit.

The performance obligation of providing the care and village services is satisfied over time, as the customer simultaneously receives and consumes the benefits of the service as it is provided. Billing and revenue recognition are generally done during the same period that the performance obligation is satisfied. Payments received in advance are recorded on the statement of financial position as a contract liability and subsequently recognised through profit or loss when the services are rendered.

Lease income

Deferred management fees

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

A management fee is payable by the residents of the Group's independent living units for the right to share in the use and enjoyment of common facilities. The management fee is calculated as a percentage of the ORA amount and accrues either daily, monthly or annually for a set period, based on the terms of the individual contracts. The current ORAs accrue management fees at rates ranging from 6.67% to 10% per annum.

The management fee is payable in cash by the resident at the time of repayment (to the resident) of the refundable ORA amount due. The Group has the right to set-off of the refundable occupation right agreement amount and the management fee receivable.

At year end, the management fee receivable that has yet to be recognised through profit or loss as management fee revenue is recognised as a deferred management fee liability in the statement of financial position.

Key accounting estimates and judgements

Deferred management fees are recognised as revenue on a straight-line basis. This requires Management to estimate the period of occupancy for independent living units. The expected periods of tenure, being based on historical results, experience and industry averages, are estimated at 8 years (2020 : 8 years).

2.3 Expenses

Accounting policy

Operating expenses are recognised on an accrual basis.

Interest expense is measured in accordance with the effective interest method.

	Note	2021 $'000	2020 $'000
Depreciation of property, plant and equipment:			
- buildings	3.2	249	33
- motor vehicles	3.2	140	155
- furniture, fixtures and fittings	3.2	3,037	2,703
- information technology	3.2	746	737
- medical equipment	3.2	90	72
		4,262	**3,700**
Depreciation of right-of-use assets:			
- buildings	3.4	7,290	7,211
		7,290	**7,211**
Total depreciation		**11,552**	**10,911**
Finance costs:			
- interest - bank		883	1,183
- interest - lease liabilities		8,823	9,400
Total finance costs		**9,706**	**10,583**
Other expenses:			
Fees paid to Auditors			
Audit and review of consolidated financial statements		154	60
Assurance engagement to report on the compilation of Pro forma financial information included in a listing profile		21	-
Tax compliance services		90	41
Total fees paid to auditor		265	101
Facility operating expenses		20,039	18,967
Listing costs		1,227	-
Operating rental expenses relating to low value and short-term leases		69	53
Directors' fees		410	107
Donations and sponsorships		14	14
(Gain)/loss on sale of property, plant and equipment		(26)	91
Gain on derivative financial instruments		-	(42)
Other expenses (no items of individual significance)		6,300	5,479
Total other expenses		**28,298**	**24,770**

Notes to the Consolidated Financial Statements continued

3. Property Assets

3.1 Investment Properties

Accounting policy

Investment properties include completed freehold land and buildings, freehold development land and buildings under development comprising independent living units and common facilities, provided for use by residents under the terms of a Occupation Right Agreement (ORA). Investment properties are held for long term yields and are not occupied by the Group.

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

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

Rental income from investment properties, being deferred management fees, is accounted for as described in note 2.2.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

	2021 $'000	2020 $'000
Investment properties		
Opening carrying amount	27,831	23,727
Development expenditure	338	3,057
Development expenditure transfer	-	(3,221)
Net fair value gain/(loss)	2,879	(649)
Occupation right agreements settled	(4,894)	-
Occupation right agreements entered	5,421	3,705
Purchases	100	187
Transferred from property, plant and equipment	-	1,025
Closing carrying amount	**31,675**	**27,831**

A reconciliation between the valuation and the amount recognised on the Consolidated Statement of Financial Position as investment properties is as follows:

	Notes		
Valuation of operator's interest		8,345	6,215
Refundable occupation right agreements	3.3	20,591	17,518
Deferred management fee	3.3	1,178	962
Unsold units		1,561	3,136
		31,675	**27,831**

Valuation process and key inputs

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

Fair value as determined by CBRE is adjusted for assets and liabilities already recognised in the Consolidated Statement of Financial Position which are also reflected in the discounted cash flow model. The valuation of investment properties is then grossed up for cash flows relating to refundable occupation right agreements, which are recognised separately in the Consolidated Statement of Financial Position (refer also note 3.3).

Retirement villages under development

The cost of retirement villages includes directly attributable construction costs and other costs necessary to bring the retirement villages to working condition for their intended use. These other costs include professional fees and consents, borrowing costs during the build period and head office costs directly related to the construction of the retirement villages. Where costs are apportioned across more than one asset, the apportionment methodology is determined by considering the nature of the cost. The borrowing costs capitalised during the period was $49k (2020: $130k). The related borrowing costs were solely for the villages under development.

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

Unsold units

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

Key accounting estimates and judgements

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

Valuation uncertainty

As at the 31 March 2021 valuation date, the valuers, CBRE, have included a valuation uncertainty clause in their valuation reports as a result of the COVID-19 pandemic. This clause highlights the difficulties in undertaking valuations due to the absence of, or limited relevant transactional evidence that demonstrates current market pricing. Therefore, less certainty and a higher degree of caution should be attached to the point estimate valuations. This represents an increase in the significant estimation uncertainty in the valuation of investment properties. Given the valuation uncertainty, the valuers have recommended in their reports that the valuations of the properties be kept under frequent review. As at the 31 March 2020 valuation date, the valuers CBRE, had included a similar clause in their valuation reports, however it was highlighted as a "material" valuation uncertainty on the basis that there was an absence of relevant transactional evidence that demonstrates current market pricing.

Significant unobservable inputs

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

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

Notes to the Consolidated Financial Statements continued

The following assumptions have been used to determine fair value:

Significant input	Description	Inter-relationship between the key inputs and fair value measurement	2021	2020
Discount rate	The pre-tax discount rate	A significant increase/(decrease) in the discount rate would result in a significantly (lower)/higher fair value measurement	15.75% - 18.0%	16.0% - 18.25%
Property price growth rate	Anticipated annual property price growth over the cash flow period 0 - 4 years	A significant increase/(decrease) in the Property price growth rate would result in a significantly higher/(lower) fair value measurement	2.0% - 2.5%	-2.0% - 3.0%
Property price growth rate	Anticipated annual property price growth over the cash flow period 5+ years	A significant increase/(decrease) in the Property price growth rate would result in a significantly higher/(lower) fair value measurement	3.0%	3.0%

Due to the valuation uncertainty disclosed, the range of reasonably possible changes to key assumptions is uncertain and could be significantly greater than the ranges used in the sensitivity analysis.

Sensitivities

	Adopted Value of Operator's Interest	Discount Rate		Property Growth Rate	
As at 31 March 2021		**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**
Valuation $000's	8,345				
Difference $000's		(320)	280	515	(515)
Difference %		-3.8%	3.4%	6.2%	-6.2%

	Adopted Value of Operator's interest	Discount Rate		Property Growth Rate	
As at 31 March 2020		**+0.5%**	**-0.5%**	**+0.5%**	**-0.5%**
Valuation $000's	6,215				
Difference $000's		(235)	255	398	(423)
Difference %		-3.8%	4.1%	6.4%	-6.8%

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

Significant input	2021	2020
Stabilised occupancy period	8.4yrs - 8.7yrs	8.3yrs - 8.6yrs

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

3.2 Property, Plant and Equipment

Accounting policy

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

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

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

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

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

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

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

Category	Useful Life Range
- Buildings	10 - 50 years
- Motor vehicles	3 - 5 years
- Furniture, fixtures and fittings	5 - 10 years
- Information technology	3 - 4 years
- Medical equipment	5 - 7 years

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

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

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

Notes to the Consolidated Financial Statements continued

$000's	Land and Buildings	Motor Vehicles	Furniture Fixtures & Fittings	Information Technology	Medical Equipment	Total
Year ended 31 March 2021						
Opening net book value	17,265	297	12,905	1,637	199	32,303
Additions	3	205	2,633	587	150	3,578
Net amount of revaluation increments less decrements*	1,307	-	-	-	-	1,307
Disposals	-	(1)	(21)	(5)	(3)	(30)
Depreciation	(249)	(140)	(3,037)	(746)	(90)	(4,262)
Closing net book value	**18,326**	**361**	**12,480**	**1,473**	**256**	**32,896**
Year ended 31 March 2021						
Cost	115	1,212	34,380	4,766	647	41,120
Valuation	18,225	-	-	-	-	18,225
Accumulated depreciation	(14)	(851)	(21,900)	(3,293)	(391)	(26,449)
Net book value	**18,326**	**361**	**12,480**	**1,473**	**256**	**32,896**

$000's	Notes	Land and Buildings	Motor Vehicles	Furniture Fixtures & Fittings	Information Technology	Medical Equipment	Total
Year ended 31 March 2020							
Opening net book value		3,954	514	12,467	1,774	177	18,886
Additions		104	101	3,448	633	94	4,380
Additions through purchase of new land and buildings		6,925	-	-	-	-	6,925
Net amount of revaluation increments less decrements*		7,047	-	-	-	-	7,047
Disposals		-	(163)	(14)	(33)	-	(210)
Depreciation		(33)	(155)	(2,703)	(737)	(72)	(3,700)
Transfer to investment properties	3.1	(732)	-	(293)	-	-	(1,025)
Closing net book value		**17,265**	**297**	**12,905**	**1,637**	**199**	**32,303**
Year ended 31 March 2020							
Cost		127	1,282	31,772	4,183	500	37,864
Valuation		17,150	-	-	-	-	17,150
Accumulated depreciation		(12)	(985)	(18,867)	(2,546)	(301)	(22,711)
Net book value		**17,265**	**297**	**12,905**	**1,637**	**199**	**32,303**

** The revaluation noted in the Consolidated Statement of Comprehensive Income differs from the above due to deferred tax, refer to note 5.1.*

Valuations

Three of the Group's properties, St Helenas, Thornleigh Park and Lexham Park, which are included in land and buildings were revalued on 31 March 2021 to $18,225k from a carrying value prior to revaluation of $16,918k resulting in a revaluation gain of $1,307k. (2020: Two of the Group's properties, St Helenas and Thornleigh Park, which are included in land and buildings were revalued on 31 March 2020 to $10,225k from a carrying value prior to revaluation of $3,208k resulting in a revaluation gain of $7,047k. The remaining property included in land and buildings, Lexham Park, was purchased on 31 July 2019 for $6,925k. LVC Limited (LVC) was involved in providing valuation services for the purchase of Lexham Park. The valuer confirmed that the purchase price as at 31 July 2019 was materially consistent with its fair value as at 31 March 2020).

The fair values of the three revalued land and buildings on freehold land have been determined by reference to independent valuations obtained as at 31 March 2021. These valuations were undertaken by a Property Institute of New Zealand registered valuer, LVC. LVC, an external independent valuation company employing registered valuers, have appropriate recognised professional qualifications and recent experience in the location and category of properties being valued. LVC Limited determined the fair value of land and buildings on freehold land using the direct comparison approach and capitalisation of market income approaches.

Valuation uncertainty

As at the 31 March 2021 valuation date, the valuers, LVC, have included a valuation uncertainty clause in their valuation reports as a result of the COVID-19 pandemic. This clause highlights the difficulties in undertaking valuations due to the absence of relevant transactional evidence that demonstrates current market pricing. Therefore, less certainty and a higher degree of caution should be attached to the point estimate valuation. This represents an increase in the significant estimation uncertainty in the valuation of the properties. Given the valuation uncertainty, the valuers have recommended in their reports that the valuations of the properties be kept under frequent review. As at the 31 March 2020 valuation date, the valuers, LVC, had included a similar clause in their valuation reports, however it was highlighted as a "material" valuation uncertainty on the basis that there was an absence of relevant transactional evidence that demonstrated current market pricing.

Key accounting estimates and judgements

Property measurements are categorised as Level 3 (2020: Level 3) of the fair value measurement hierarchy as the fair value is determined using inputs that are unobservable.

Significant unobservable inputs

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

Sensitivities

	Adopted Value	Capitalisation	Rate
As at 31 March 2021		**+0.5%**	**-0.5%**
Valuation $000's	18,225		
Difference $000's		1,318	(1,318)
Difference %		7.2%	-7.2%
As at 31 March 2020		**+0.5%**	**-0.5%**
Valuation $000's	17,150		
Difference $000's		1,217	(1,217)
Difference %		7.1%	-7.1%

Notes to the Consolidated Financial Statements continued

3.3 Refundable Occupation Right Agreements

Accounting policy

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

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

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

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

- for Windsor Lifestyle Estate Limited, to a maximum of 21% of the entry payment; and
- for Elloughton Grange Village Limited, to a maximum of 30% of the entry payment.

The village contribution is payable by the resident on termination of the ORA. Village contribution is recognised as deferred management fees, note 2.2. The management fee receivable is recognised in accordance with the terms of the resident's ORA.

The deferred management fee represents the difference between the management fees receivable under the ORA and the portion of the management fee accrued which is recognised on a straight-line basis over the longer of the term specified in a resident's ORA or the average expected occupancy for the relevant accommodation i.e. 8 years (2020 : 8 years).

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

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

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

	2021 $'000	2020 $'000
Refundable Occupation Right Agreements		
Refundable occupation license payments	24,125	20,350
Less: Management fee receivable (per contract)	(3,534)	(2,832)
	20,591	**17,518**
Reconciliation of Management Fees recognised under NZ IFRS and per ORA		
Management fee receivable (per contract)	(3,534)	(2,832)
Deferred management fee	1,178	962
Management fee receivable (per NZ IFRS)	**(2,356)**	**(1,870)**

3.4 Leases

Accounting policy

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

Right-of-use assets

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

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

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

Lease liabilities

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

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

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

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

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

Key accounting estimates and judgements

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The weighted average incremental borrowing rates applied by the Group is 5% (2020: 5%). No new leases were entered into during the year (2020: none) and no leases were modified or cancelled during the year (2020: one was cancelled).

Notes to the Consolidated Financial Statements continued

	2021 $'000	2020 $'000
(a) Right-of-use assets		
Land and Buildings under lease	191,603	188,574
Accumulated depreciation	(14,433)	(7,143)
Total carrying amount of right-of-use assets	**177,170**	**181,431**
Reconciliations		
Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year.		
Land and buildings		
Opening carrying amount	181,431	192,205
Additions	-	1,393
Depreciation	(7,290)	(7,211)
Remeasurements	3,029	1,861
Disposals	-	(6,817)
Closing carrying amount	**177,170**	**181,431**
(b) Lease liabilities		
Current		
Land and buildings	4,051	3,907
Non-current		
Land and buildings	180,254	181,397
	184,305	**185,304**
(c) Lease expenses and cash flows		
Interest expense on lease liabilities	8,823	9,400
Depreciation expense on right-of-use assets	7,290	7,211
Cash outflow in relation to leases	12,850	12,435
(d) Maturity analysis - contractual undiscounted cash flows:		
- Not later than 1 year	12,933	12,710
- Later than 1 year and not later than 5 years	52,035	51,105
- Later than 5 years	292,002	300,654
	356,970	**364,469**

4. Shareholder Equity and Funding

4.1 Shareholder Equity and Reserves

Accounting policy

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

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

	2021		2020	
	Shares	$'000	Shares	$'000
Share Capital				
Authorised, issued and fully paid up capital	176,495,000	5,932	12,500,000	4,736
Total contributed equity	**176,495,000**	**5,932**	**12,500,000**	**4,736**
Movements				
Opening balance of ordinary shares issued	12,500,000	4,736	12,500,000	4,736
Share split	162,500,000	-	-	-
Shares issued to employees and service providers	1,495,000	1,196	-	-
Closing balance of ordinary shares issued	**176,495,000**	**5,932**	**12,500,000**	**4,736**

All ordinary shares are authorised and rank equally with one vote attached to each fully paid ordinary share. The shares have no par value. The Group incurred no transaction costs issuing shares during the period (2020:$nil).

Share split

On 8 December 2020 the Group undertook a 14:1 split of existing ordinary shares prior to listing on the NZX.

Shares issued to employees and service providers

	Shares	$'000
On 10 December 2020 the Company issued 1,245,000 new ordinary shares as follows:		
838,750 shares (@ $0.80 per share) were issued to employees as share based payments.*	838,750	671
250,000 shares (@ $0.80 per share) were issued to Duncan Cook, Director for legal services rendered to the group and for services provided in connection with the Company's listing on the NZX.*	250,000	200
156,250 shares (@ $0.80 per share) were issued to Tom Wilson for consultancy services rendered to the Group and for services provided to the Group in connection with the Company's listing on the NZX.*	156,250	125
	1,245,000	**996**
Also on 10 December 2020, 250,000 (@ $0.80 per share) ordinary shares were issued to Harmos Horton Lusk Limited in consideration for $200,000 of legal services provided to the Group in connection with the Company's listing on the NZX.*	250,000	200
	1,495,000	**1,196**

Notes to the Consolidated Financial Statements continued

** On 10 December 2020 when the Group listed, 1,245,000 new shares were issued at $0.80 per share which was determined to be the fair value on issuance by the Board of Directors. This value was derived by using a market approach valuation technique. The technique used was the multiples method utilising comparable company analysis. This involved comparing the Group's implied enterprise value / underlying earnings before interest, tax depreciation and amortisation to its retirement village and aged care listed peers in New Zealand. The valuation was assessed using independent advisor reports prepared to assist the Directors in establishing the share price. As the fair value of shares issued as share based payments was determined using inputs that are significant and unobservable, the Group has categorised these inputs as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 Fair Value Measurement. The significant unobservable inputs used in the fair value measurement of the Group's shares was the market multiples applied. A significant increase/(decrease) in the market multiples would result in a significantly higher/(lower) fair value measurement.*

The total share based payments expense recognised for the year ended 31 March 2021 was $996k (refer to subtotal above) and a further $468k in PAYE, totalling $1,464k.

Dividends

Dividend distributions to shareholders are recognised as a liability in the period in which dividends are declared. On 5 February 2021 a dividend of $0.00576031 per share (fully imputed) was declared and was paid on 26 February 2021 (2020: On 28 June 2019, a dividend of $0.0180 per share (fully imputed) was declared and was paid on 28 June 2019).

Asset Revaluation Reserve

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

4.2 Earnings per share

Basic and diluted

Basic earnings per share is calculated by dividing the (loss)/profit after tax of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 March 2021, there were no shares with a dilutive effect (31 March 2020: none) and therefore basic and diluted earnings per share were the same.

	2021	2020	2020*
Profit/(Loss) after tax ($'000)	1,705	(2,833)	(2,833)
Weighted average number of ordinary shares outstanding ('000s)	175,455	12,500	175,000
Cents per share	**0.97**	**(22.66)**	**(1.62)**

** As described above a 14:1 share split took place on 8 December 2020, the Group has also presented the basic earnings per share for the year ended 31 March 2020 taking into consideration this share split.*

4.3 Borrowings

Accounting policy

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

Specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use. Other borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred. The borrowing costs capitalised during the period was $49,000 (2020: $130,000). The related borrowing costs were solely for the villages under development (note 3.1).

	2021 $'000	2020 $'000
Secured Liabilities		
Current		
Bank Loans	1,000	500
Non-Current		
Bank Loans	26,212	30,927
	27,212	**31,427**

Terms and conditions and assets pledged as security

	Current $'000	Non-current $'000	Facility Limit $'000	Effective interest rate %	Expiry date
31 March 2021					
Committed Cash Advance	-	17,387	18,000	2.01%	29 April 2023
Committed Cash Advance	-	9,825	9,825	1.76%	29 July 2023
	-	**27,212**	**27,825**		
31 March 2020					
Committed Cash Advance	-	19,583	19,583	2.10%	29 April 2021
Revolving Committed Cash Advance	-	2,019	3,000	2.18%	3 June 2021
Committed Cash Advance	-	9,825	9,825	2.56%	29 July 2022
	-	**31,427**	**32,408**		

Security

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

As at 31 March 2021 the balance of the bank loans over which the properties are held as security is $9,825k (31 March 2020: $11,844k), the total commitment as at 31 March 2021 is $9,825k (31 March 2020: $12,825k).

Other

The Group has a Corporate Banking Overdraft Facility Agreement with ASB Bank Limited (ASB) for $1.5m (2020: $1.5m) that has an expiry date on 31 March 2049 (2020: 31 March 2049). This facility bears interest at an effective interest rate of 3.75% (2020: 4.04%) and is secured over the assets of the Group and guaranteed by certain Group entities. At reporting date this overdraft facility was not drawn (2020:$Nil).

Financing arrangements

Under the Group's bank loan arrangements with ASB, the Group must comply with externally imposed banking covenant. These covenants are tested and reported to the ASB on a quarterly basis. During the year ended 31 March 2021, the Group complied with all externally imposed banking covenant requirements to which it is subject (2020: complied with all). The Group has agreed with its banks that the calculation of Adjusted EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) and Net Interest, for the purposes of the financial covenants, shall continue to be based on the accounting treatment in use before the introduction and adoption of NZ IFRS 16 *Leases*.

Notes to the Consolidated Financial Statements continued

5. Other Disclosure

5.1 Income Tax

Accounting policy

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

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

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

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

Key accounting estimates and judgements

Deferred tax on Investment Property

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

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

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

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

	2021 $'000	2020 $'000
(a) Components of tax expense/(benefit)		
Current tax	2,155	1,033
Deferred tax	(1,831)	(1,533)
	324	**(500)**

	2021 $'000	2020 $'000
(b) Income tax reconciliation		
The prima facie tax payable on profit before tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit before tax at 28.0%	568	(933)
Permanent differences	(443)	268
Under provision for income tax in prior year	223	165
Other	(24)	-
Income tax expense/(benefit) attributable to profit	**324**	**(500)**
(c) Deferred tax		
Deferred tax relates to the following:		
Non-current asset		
Deferred tax assets		
The balance comprises:		
Lease liabilities	51,605	51,885
Provisions	1,970	1,408
Deferred management fee income	765	659
	54,340	**53,952**
Deferred tax liabilities		
The balance comprises:		
Property, plant and equipment	1,098	1,145
Right-of-use assets	49,607	50,801
	50,705	**51,946**
Net deferred tax assets	**3,635**	**2,006**
(d) Deferred income tax revenue comprises		
Through profit/(loss) included in income tax expense		
(Increase)/decrease in deferred tax assets	(388)	1,677
Decrease in deferred tax liabilities	(1,443)	(3,210)
	(1,831)	**(1,533)**
Through other comprehensive income		
Increase in deferred tax liabilities	202	1,339
Through other comprehensive income included in revaluation of property, plant and equipment	**202**	**1,339**
Increase in deferred tax liabilities	**(1,629)**	**(194)**

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

Notes to the Consolidated Financial Statements continued

	2021 $'000	2020 $'000
(e) Imputation credits available for use in subsequent periods		
Balance at the beginning of the year	4,104	3,380
Dividends paid	(285)	(88)
New Zealand tax payments, net of refunds	1,744	814
Other debits	(14)	(2)
Balance at the end of the year	**5,549**	**4,104**

5.2 Intangible Assets

Accounting policy

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition), over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

	2021 $'000	2020 $'000
Goodwill at cost	**16,996**	**16,996**

Key accounting estimates and judgements

Goodwill has been assessed as having indefinite useful lives, as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflow for the Group.

Goodwill is allocated to twenty individual CGUs within the residential care business (various acquired residential care facilities). Corporate office cash flows incurred by the Group as a whole cannot be allocated to individual CGUs on a reasonable basis. Therefore, these cash flows and related corporate assets are impairment tested at the overall Group level.

The recoverable amount of CGUs as at reporting date has been determined based on its fair value less costs of disposal, determined using discounted cash flows (2020: based on its value-in-use, determined by discounting the future cash flows to be generated from its continuing use of the CGU) that includes Management's estimates based on past performance and its expectation for the future performance for up to 3 years. These estimates are based on budgeted projections of occupancy levels, sales growth and changes to cost structures. Cash flows from performance thereafter are estimated using a standard growth rate deemed to be reasonable by Management.

The key assumptions used for discounted cash flows (2020: value-in-use) calculations are as follows:

- The year 1 forecast cash flows are based on Management forecasts approved by the Board of Directors
- The year 2 and 3 forecast cash flow period growth rate used in the calculations was 3.0% (2020: 3.0%)
- The cash flow period used in the calculations was 3 years (2020: 3 years)
- The pre-tax discount rate applied in the calculations was between 12.6% and 13.3% (2020: pre-tax 18.1%)
- The terminal growth rate applied in the calculations was 2.0% (2020: 2.0%)
- Occupancy projections vary between CGUs based on actual and expected occupancy rates.

Management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially lower than its recoverable amount.

Care CGUs Recoverable Amount

The recoverable amount of the individual care sites as at 31 March 2021 has been determined based on fair value less costs of disposal, determined using discounted cash flows. As the recoverable amount of individual care sites was determined using inputs that are significant and unobservable, the Group has categorised these inputs as Level 3 under the fair value hierarchy in accordance with NZ IFRS 13 *Fair Value Measurement*. The significant unobservable inputs used in the fair value measurement of the recoverable amount of the Group's individual care sites were as described above, year 1 to 3 forecast cash flows, a pre-tax discount rate, a terminal growth rate and occupancy projections based on actual and expected occupancy rates.

- A significant increase/(decrease) in the forecast cash flows, terminal growth rate, and occupancy projections and rates, assumptions would result in a significantly higher/(lower) fair value measurement.
- A significant increase/(decrease) in the pre-tax discount rate would result in a significantly (lower)/higher fair value measurement.

5.3 Trade and Other Receivables

Accounting policy

Trade receivables are amounts due from residents and Government agencies in the ordinary course of business and are recognised initially at fair value being the transaction price plus any transaction costs. Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

	2021 $'000	2020 $'000
Current		
Trade receivables	6,945	7,097
Allowance for credit losses	(722)	(688)
	6,223	**6,409**
Grant receivable	-	353
NZX listing bond	75	-
Prepayments	522	492
Accrued Income	10	6
Development costs	777	207
	7,607	**7,467**
Non-current		
Prepayments	5	17
Accrued Income	132	164
	137	**181**
	7,744	**7,648**

Notes to the Consolidated Financial Statements continued

Recognition, measurement and judgements in applying accounting policies

When measuring expected credit losses ('ECL') the Group uses reasonable and supportable forward looking information, which is based on assumptions for future movement of different economic drivers and how these drivers will affect each other.

The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial positions, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has the following financial assets subject to the application of the expected credit loss model:

- Trade receivables from care operations for the provision of care fees revenue for rest home and hospital fees. These are split between private amounts owed by residents and amounts due from agencies such as the Ministry of Health and Accident Compensation Corporation.
- Trade receivables from village operations for the provision of weekly service fees and occupation licence payment receivables. These are receivable from residents.

The following table provides information about the risk profile of trade receivables from contracts with residents and Government agencies using a provision matrix. The information in the below table does not distinguish between resident or product types as the Group's historical credit loss experience does not show different patterns for different resident or product types.

	12-month expected credit losses				
		Days past due			
	Not past due	31-60	61-90	91 and over	Total
2021					
Estimated total gross carrying amount at default ('$000)	5,152	434	246	1,113	6,945
Expected credit loss rate (%)	0.3%	0.5%	2.9%	62.7%	10.4%
Expected credit loss rate ('$000)	**16**	**2**	**7**	**697**	**722**
2020					
Estimated total gross carrying amount at default ('$000)	4,280	754	357	1,706	7,097
Expected credit loss rate (%)	0.4%	0.5%	3.6%	38.3%	9.7%
Expected credit loss rate ('$000)	**18**	**4**	**13**	**653**	**688**

5.4 Trade and Other Payables

Accounting policy

Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised costs using the effective interest method.

Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date.

When the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, those employee entitlements are presented as current. All other long-term employee benefit obligations are presented as non-current liabilities.

(iii) Retirement benefit obligations: Defined contribution superannuation plan

The Group makes superannuation contributions to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The Group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period.

	2021 $'000	2020 $'000
Current		
Unsecured liabilities		
Trade creditors	3,893	4,574
GST payable	714	690
Other payable	33	11
Accrued expenses	926	610
Annual leave	5,339	4,219
Other employee entitlements	3,846	3,822
Deferred government grants income	160	160
	14,911	**14,086**

5.5 Related Party Transactions

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

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

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

Notes to the Consolidated Financial Statements continued

Subsidiaries

The following are the Group's subsidiaries

Name of Entity	Principal Activities	Ownership interests and voting rights 2021	Ownership interests and voting rights 2020	Class of shares
Radius Arran Court Limited	Lessee entity for Radius Arran Court facility	100%	100%	Ordinary
Windsor Lifestyle Estate Limited	Operating entity for Windsor retirement village	100%	100%	Ordinary
Radius Care Limited (non-trading)	Dormant	100%	100%	Ordinary
Elloughton Grange Village Limited	Operating entity for Elloughton retirement village	100%	100%	Ordinary
Radius Care Holdings Limited	Property owning entity for St Helenas, Thornleigh Park and Lexham Park facilities	100%	100%	Ordinary

On 1 May 2020, Radius Health Limited, a wholly owned subsidiary of the Group was amalgamated into Radius Residential Care Limited. All subsidiaries are incorporated in New Zealand and have a balance date of 31 March.

Key management personnel compensation and other related parties

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

Related Party	Relationship
Brien Cree	Director and Ultimate Shareholder
Duncan Cook	Director and Shareholder
Bret Jackson	Director and Ultimate Shareholder
Timothy Sumner	Director and Ultimate Shareholder
Mary Gardiner	Director
Hamish Stevens	Director
Wave Rider Holdings Limited	Shareholder
Knox Radius LP	Shareholder
Knox Fund IV AUD LP	Shareholder
Knox Fund IV NZD LP	Shareholder
Sharp Tudhope Lawyers Limited	Consultant (Duncan Cook)
Cibus Catering Limited	Common Director (Brien Cree)
Valhalla Capital Limited	Common Director (Brien Cree)
Harmos Horton Lusk Limited	Shareholder
Tom Wilson	Shareholder
Time Capital NZ Limited	Director (Tom Wilson)

	2021 $'000	2020 $'000
Directors' remuneration and expenses	410	107
Dividends to director related entities	523	225
Key Management personnel salaries and other short term employee benefits	1,294	880
Key Management personnel dividends	3	-
	2,230	**1,212**
Other related parties		
Trade creditors		
- Cibus Catering Limited	**86**	**54**
Trade debtors		
- Cibus Catering Limited	**7**	**7**
Legal Fees		
- Sharp Tudhope Lawyers Limited	149	63
- Duncan Cook - Share based payments	299	-
- Harmos Horton Lusk Limited	547	-
- Harmos Horton Lusk Limited - Share based payments	200	-
	2021 $'000	2020 $'000
Personal guarantee fee		
- Brien Cree	85	-
Management fee expense		
- Knox Radius LP	-	83
Catering services		
- Cibus Catering Limited	4,777	4,872
Consulting fees		
- Time Capital NZ Limited (since Tom Wilson became a shareholder)	33	-
- Tom Wilson - share based payments	125	-
Purchase of property, plant and equipment		
- Valhalla Capital - Ashburton Laundry Assets	-	550

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

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

Notes to the Consolidated Financial Statements continued

The purchase price under the Land SPA is $5.8m, of which a non-refundable deposit of $300k had already been paid by Brien, with the balance payable on the date of settlement, being 16 April 2021.

The Assignment Agreement also requires the Group to pay the Brien an additional $400k on 16 April 2021, for preserving the development opportunity for the Group and for taking the risk on resource consent being obtained at a time that the Group was not able to respond to the opportunity the land presented.

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

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

The Group paid Brien for the $300k non-refundable deposit in July 2020 and the additional $400k on 16 April 2021.

The balance of the purchase price under the SPA amounting to $5.5m is payable to the third party vendor on settlement, which will be completed when the title of the property is issued. It is currently expected that title will be issued prior to 31 March 2022.

5.6 Financial Risk Management

The Group is exposed to the following financial risks in the normal course of business:

(a) Credit risk

(b) Liquidity risk

(c) Interest rate risk

The Board of Directors reviews and agrees on policies for managing each of these risks as summarised below:

	Note	2021 $'000	2020 $'000
Financial Assets			
Amortised cost			
Cash and cash equivalents		2,761	2,317
Trade receivables	5.3	6,223	6,409
Total assets		**8,984**	**8,726**
Financial Liabilities			
Amortised cost			
Trade and other payables	5.4	5,566	5,885
Lease liabilities	3.4	184,305	185,304
Borrowings	4.3	27,212	31,427
Refundable occupation right agreements	3.3	20,591	17,518
Total liabilities		**237,674**	**240,134**

(a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's exposure to credit risk, or the risk of counterparties defaulting arises mainly from cash at bank, trade and other receivables.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date, of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to consolidated financial statements.

The Group has no significant concentrations of credit risk. The Group's trade receivables represent distinct trading relationships with each of its residents and various Government agencies. The only large trade receivables relate to residential care subsidies which are receivable in aggregate from various District Health Boards and Work and Income New Zealand. These entities are not considered a credit risk.

The Group does not have any material credit risk exposure to any single counterparty or group of counterparties under financial instruments entered into by the Group.

(i) Cash deposits and other receivables

Credit risk for cash deposits is managed by holding all cash deposits with high credit rating financial institutions, i.e. major registered New Zealand banks.

(ii) Trade receivables

Credit risk with respect to trade receivables is limited due to the large number of customers which qualify for Ministry of Health funding in relation to payment of our services. Amounts owed by the residents are generally unsecured. Credit risk is managed through the use of admission agreements for all residents, which gives contractual rights to the Group in relation to security and collection of debts in circumstances where there is no entitlement to Ministry of Health funding. All admissions are reviewed to ensure a duly completed admission agreement is available. The loss allowance for expected credit losses of trade receivables is provided in note 5.3. As the Group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit risk.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group has liquidity risk with respect to its repayment obligations of financial liabilities.

The Group maintains a rolling 90 day forecast of daily cash flows to ensure it will have sufficient liquidity to meet its liabilities as they fall due. This is linked to a monthly rolling forecast which provides directional liquidity expectations for a minimum of a further twelve months.

The Group has a bank facility which is subject to certain covenant clauses, whereby it is required to meet certain key performance indicators. This bank facility is provided by the ASB Bank.

The following table outlines the Group's remaining contractual maturities for non-derivative financial instruments. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities allocated to time bands based on the earliest date on which the Group can be required to pay:

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
2021				
Trade and other payables	5,566	-	-	-
Lease liabilities	12,933	12,988	39,047	292,002
Borrowings	-	-	27,212	-
Refundable occupation right agreements*	20,591	-	-	-
	39,090	**12,988**	**66,259**	**292,002**

Notes to the Consolidated Financial Statements continued

	Less than 1 year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
2020				
Trade and other payables	5,885	-	-	-
Lease liabilities	12,710	12,723	38,382	300,654
Borrowings	-	21,602	9,825	-
Refundable occupation right agreements*	17,518	-	-	-
	36,113	**34,325**	**48,207**	**300,654**

The refundable ORAs are repayable to the resident on vacation of the unit or on the termination of the occupation right agreement and subsequent resale of the unit. The expected maturity of the refundable ORAs is shown in note 3.3.

c) Interest rate risk

The Group is exposed to interest rate risk in relation to its interest earning cash deposits and its interest bank borrowings. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group manages its interest rate risk by maintaining a mix of variable rate and fixed rate borrowings, and by utilising interest rate swap contracts.

Interest rates on cash at bank are subject to market risk in the event of changes in interest rates. As these securities are carried at net market value, the effective interest rate is reflected in the market price. Interest rates on non-current bank borrowings are generally subject to review annually or at shorter intervals, and interest rates on current borrowings can be reviewed at the lender's discretion.

The following table outlines that Group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities:

2021	Interest bearing $'000	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest rate
Financial Instruments				
Financial assets				
Cash	2,761	-	2,761	0.0% Fixed
Financial liabilities				
Bank and other loans	(27,212)	-	(27,212)	1.9% Fixed
Lease liabilities	(184,305)	-	(184,305)	5.0% Fixed
	(211,517)	**-**	**(211,517)**	

2020	Interest bearing $'000	Non-interest bearing $'000	Total carrying amount $'000	Weighted average effective interest rate
Financial Instruments				
Financial assets				
Cash	2,317	-	2,317	0.0% Fixed
Financial liabilities				
Bank and other loans	(31,427)	-	(31,427)	2.3% Fixed
Lease liabilities	(185,304)	-	(185,304)	5.0% Fixed
	(216,731)	**-**	**(216,731)**	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 100 basis points from the rates prevailing at the reporting date, assuming all other variables remain constant, then the impact of profit for the year and equity would be as follows:

	2021 $'000	2020 $'000
+ / - 100 basis points		
Impact on profit after tax	(272)	(314)
Impact on equity	(196)	(226)

5.7 Contingent Liabilities

Lester Heights business

On 26 June 2013, the Group entered into an agreement to sell the Lester Heights business. The sale was settled on 31 August 2013. One of the conditions of sale is that in the event that the new business owner defaults on the rental payments, the Group is required to guarantee the rent. For the years ended 31 March 2019 and 2020, no amounts were paid, but in the event that a default occurs, the potential cost to the Group is an annual rent of $238k per annum until 2029. The Group will likely assume operations at this facility, in the event of a default.

Other

There were no other material contingent liabilities at reporting date (2020:Nil).

5.8 Commitments

There were no material commitments at reporting date (2020: Nil).

Notes to the Consolidated Financial Statements continued

5.9 Events subsequent to reporting date

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

On 2 April 2021 the Board (excluding Brien Cree) exercised its right to approve an Assignment Agreement between the Group and Brien Cree and now holds the rights under an agreement for sale and purchase of real estate to acquire 4.3 hectare development property for a purchase price of $5.8m. Refer to Note 5.5 for the detailed disclosure.

Dividends

On 25 May 2021, the Board declared a final dividend of $0.00888048 per share (fully imputed), that will be paid on 21 June 2021.

Other

There has been no other matter or circumstance, which has arisen since 31 March 2021 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 31 March 2021, of the Group, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 31 March 2021, of the Group.

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STAPLES RODWAY

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Radius Residential Care Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Radius Residential Care Limited and its subsidiaries ('the Group') on pages 28 to 66, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS') and International Financial Reporting Standards ('IFRS').

Our report is made solely to the Shareholders of the Group. Our audit work has been undertaken so that we might state to the Shareholders of the Group those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders of the Group as a body, for our audit work, for our report or for the opinions we have formed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor and provider of other assurance services, our firm carries out other assignments for Radius Residential Care Limited and its subsidiaries in the area of taxation compliance services. The provision of these other services has not impaired our independence.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment testing of Goodwill As disclosed in Note 5.2 of the Group's consolidated financial statements, the Group has goodwill of $17.0m allocated across 20 cash-generating units ('CGUs') as at 31 March 2021. Goodwill was significant to our audit due to the size of the asset and the subjectivity, complexity and uncertainty inherent in the measurement of the recoverable amount of these CGUs for the purpose of the required annual impairment test. The measurement of a CGUs recoverable amount includes the assessment and calculation of its 'fair value less costs of disposal'. Management has completed the annual impairment test for all CGUs as at 31 March 2021. This annual impairment test involves complex and subjective estimation and judgement by Management on the future performance of the CGUs, discount rates applied to the future cash flow forecasts, the terminal growth rates, costs of disposal and future market and economic conditions. Management has also engaged an external valuation expert to assist in the annual impairment testing.	Our audit procedures among others included: • Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the recoverable value of the Group's CGUs. • Evaluating Management's determination of the Group's CGUs based on our understanding of the nature of the Group's business and the economic environment in which the segments operate. We also analysed the internal reporting of the Group to assess how CGUs are monitored and reported. • Evaluating the competence, capabilities, objectivity and expertise of Management's external valuation expert and the appropriateness of the expert's work as audit evidence for the relevant assertions. • Challenging Management's assumptions and estimates used to determine the recoverable value of the Group's CGUs, including those relating to forecasted revenue, costs, capital expenditure, discount rates, by adjusting for future events and corroborating the key market-related assumptions to external data (including considering the impact of the COVID-19 pandemic). Procedures included: o Evaluating the logic of the 'fair value less costs of disposal' calculations supporting Management's annual impairment test and testing the mathematical accuracy of these calculations; o Evaluating Management's process regarding the preparation and review of forecasts (balance sheet, income statement, and cash flow statement); o Comparing forecasts used in the calculations to Board approved forecasts; o Evaluating the accuracy of the Group's forecasting to actual historical performance; o Evaluating the forecast growth assumptions; o Evaluating the inputs to the calculation of the discount rates applied; o Engaging our own internal valuation experts to evaluate the logic of the 'fair value less costs of disposal' calculations and the inputs to the calculations of the discount rates applied; o Evaluating the forecasts, inputs and any underlying assumptions with a view to identifying Management bias; o Evaluating Management's sensitivity analysis for reasonably possible changes in key assumptions; and o Performing sensitivity analysis for reasonably possible changes in key assumptions, the two main assumptions being: the discount rate and forecast growth assumptions. • Evaluating the related disclosures (including the accounting policies and accounting estimates) about goodwill assets in the Group's consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties and freehold land and buildings As respectively disclosed in Notes 3.1 and 3.2 of the Group's consolidated financial statements, as at 31 March 2021, the Group has: investment properties *(operated by the Group as retirement villages)* totalling $31.7m; and freehold land and buildings totalling *(operated by the Group for provision of care services)* $18.2m. For the purpose of this key audit matter, the Group's investment properties and freehold land and buildings, when referred to, together or collectively as 'the properties'). Investment properties and freehold land and buildings were significant to our audit due to the size of the assets and the subjectivity, complexity and uncertainty inherent in estimating the fair value of the investment properties and freehold land and buildings. Management has engaged independent external valuers ('the Valuers') to determine the fair value of the Group's investment properties and freehold land and buildings as at 31 March 2021. The Valuers performed their work in accordance with the International Valuation Standards and the Australia and New Zealand Valuation and Property Standards, NZ IFRS 13 *Fair Value Measurement* and NZ IAS 40 *Investment Property* or NZ IAS 16 *Property, plant and equipment*, respectively. The Valuers engaged by the Group have appropriate experience in the sector in which the Group operates. For each investment property, the Valuers took into account property specific information such as the income generated by departures and the re-sale of independent living units. They then applied assumptions in relation to, the timing of unit re-sale, the length of occupancy of existing residents, the price paid by new residents, price movements, type of Occupancy Right Agreement, discount rate, growth rate and terminal yield. The Valuer also considered the individual characteristics of each village, its location, its nature, its resident profile and the expected future cash flows for that particular village. For each freehold land and building property, the Valuers took into account property specific information such as capitalisation rates and earnings per care bed. The Valuers also considered the individual characteristics of each property, its location, and its nature. The Group has adopted the assessed values determined by the Valuers. As at valuation date, the Valuers have included a valuation uncertainty clause in their reports as a result of the COVID-19 pandemic. This clause highlights the difficulties in undertaking valuations due to the absence of or limited relevant transactional evidence that demonstrates current market pricing. Therefore, less certainty and a higher degree of caution, should be attached to the point estimate valuation. This represents an increase in the significant estimation uncertainty in the valuation of investment properties. Given the valuation uncertainty, the Valuers have recommended in their reports that the valuations of the properties be kept under frequent review.	Our audit procedures among others included: • Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the fair value of the Group's investment properties and freehold land and buildings. • Reading the external valuation reports for the Group's investment properties and freehold land and buildings as at 31 March 2021. • Confirming that the valuation approaches for the properties were in accordance with NZ IFRS 13 and NZ IAS 40 or NZ IAS 16, respectively, and suitable for determining the fair value of the Group's investment properties and freehold land and buildings as at 31 March 2021. • Evaluating the competence, capabilities, objectivity and expertise of Management's external valuation expert and the appropriateness of the expert's work as audit evidence for the relevant assertions. • Agreeing property related data provided by Management to the Valuers, to the Group's records. • Engaging our own external property valuation expert to assist in understanding and evaluating the following, based on their specialist knowledge from performing and reviewing valuations of similar properties, known relevant transactional evidence and available market data: o the work and findings of the Group's external valuation expert engaged by Management; o the Group's valuation methods and assumptions to assist us in challenging the appropriateness of valuation methods and assumptions used by Management; and o the acceptable range of values considered reasonable to evaluate Management's adopted valuation estimate. • Evaluating the selection of valuation methods, inputs and assumptions with a view to identifying Management bias. • Evaluating the related disclosures (including the accounting policies and accounting estimates) about the investment properties and freehold land and buildings which are included in the Group's consolidated financial statements including disclosure on the valuation uncertainty as a result of the COVID-19 pandemic.

Key audit matter	How our audit addressed the key audit matter
Valuation and completeness of lease liabilities and right-of-use assets As disclosed in Note 3.4 of the Group's consolidated financial statements, the Group has lease liabilities of $184.3m, and, right-of-use assets of $177.2m as at 31 March 2021. Lease liabilities and right-of-use assets are significant to our audit due to the size of the assets and liabilities and the subjectivity, complexity and uncertainty inherent in the application of NZ IFRS 16 *Leases* and the assumptions required by Management for the calculations of the lease balances and interest and depreciation expenses. Management has completed calculations of the lease balances for all leases for the year ended, and as at 31 March 2021. These calculations require estimates regarding the lease term and the incremental borrowing rates. In addition, Management has exercised their judgement in determining the recoverability of right-of-use assets. No impairment has been determined.	Our audit procedures among others included: • Understanding and evaluating the Group's internal controls relevant to the accounting estimates used to determine the expected term of the Group's leases and applicable incremental borrowing rates. • Evaluating Management's process relating to the identification, recording, recognition and measurement of leases within the scope of NZ IFRS 16. • For all leases: o Agreeing key inputs in the lease calculation to the underlying lease agreement(s); o Recalculating the lease liability and right-of-use assets based on the key inputs noted above and comparing our recalculations to the balances recognised by the Group; and o Checking the appropriateness of the classification of the lease liability between current and non-current based on the remaining term of the lease. • For all existing leases, evaluating Management's calculations for the subsequent measurement of the leases, including lease modifications and rent revisions. • Evaluating the completeness of identified lease contracts by checking that all leased facilities were included in the calculation. • Evaluating Management's estimates regarding terms of the leases and Management's consideration of options to extend or terminate the leases (including considering the impact of the COVID-19 pandemic). • Evaluating Management's assessment of the incremental borrowing rates applied to individual leases or portfolios of leases. • Evaluating the inputs and any underlying assumptions with a view to identifying Management bias. • Evaluating Management's assessment of any indicators of impairment for the right of use assets in accordance with NZ IAS 36 *Impairment of Assets* (including considering the impact of the COVID-19 pandemic). • Evaluating the disclosures (including the accounting policies and accounting estimates) related to leases which are included in the Group's consolidated financial statements.

Other Matter - Non-NZ GAAP financial measures

Note 1(ii) of the consolidated financial statements describes that the consolidated financial statements include the presentation of two non-NZ GAAP *(non-Generally Accepted Accounting Practice in New Zealand)* financial measures in Note 2.1, which are presented in addition to NZ GAAP *(Generally Accepted Accounting Practice in New Zealand)* financial measures. These two non-NZ GAAP financial measures are not defined under the requirements of NZ GAAP, NZ IFRS and IFRS. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 March 2021 (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The Directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent fairly the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Matters Relating to the Electronic Presentation of the Audited Consolidated Financial Statements

This audit report relates to the consolidated financial statements of Radius Residential Care Limited and its subsidiaries for the year ended 31 March 2021 included on Radius Residential Care Limited ’s website. The Directors of Radius Residential Care Limited are responsible for the maintenance and integrity of Radius Residential Care Limited ’s website. We have not been engaged to report on the integrity of Radius Residential Care Limited ’s website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyper linked to or from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated 25 May 2021 to confirm the information included in the audited consolidated financial statements presented on this website.

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

The engagement partner on the audit resulting in this independent auditor’s report is S Patel.

Baker Tilly Staples Rodway

BAKER TILLY STAPLES RODWAY AUCKLAND

Auckland, New Zealand

25 May 2021

Corporate Governance Statement

The Board of Radius Residential Care Limited (Radius Care, the Company) is committed to ensuring that the Company meets best practice governance principles and maintains the highest ethical standards by conducting our business safely and ethically and within the legal and regulatory framework, so we can deliver the best outcomes for our residents, their families, shareholders, employees, customers and suppliers, and the communities in which we operate.

This Corporate Governance Statement provides an overview of the Company's governance framework. It is structured to follow the NZX Corporate Governance Code (NZX Code) and discloses the practices relating to the NZX Code's recommendations.

The Board regularly reviews the Company's corporate governance structures against the eight principle recommendations in the Code, and considers that during the period from its listing to 31 March 2021 its practices and procedures substantially met NZX Code recommendations. Any differences, where recommendations of the NZX Code have not been followed are set on page 85 of this annual report.

The Company's governance policies are available on its website, see www.radiuscare.co.nz/investors-centre/governance.

The Radius Care Board approved this Corporate Governance Statement on 25 May 2021.

For detailed information on the Group's corporate governance policies, practices and processes please refer to the Investors section on the Radius Care website:

www.radiuscare.co.nz/investors-centre/governance

This contains the following documents:

Constitution

Charters

- Board Charter
- Audit and Risk Committee Charter
- Remuneration and Human Resources Committee Charter

Policies

- Code of Conduct
- External Auditor Independence Policy
- Financial Product Trading Policy
- Fraud Policy
- Market Disclosure Policy
- Whistleblower Policy

Principle 1. Code of ethical behaviour

Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Conduct

The Company's ethical standards are included in the Company's Code of Conduct and the Board Charter.

Radius Care commits to high ethical standards in all dealings undertaken by the Group's directors, employees and suppliers. We are a New Zealand owned and operated company that is committed to providing quality rest home and private hospital care. Our business spans healthcare, cultural and regulatory boundaries, and our directors and management understand that high ethical standards deliver the best outcomes for our residents, their families, employees, shareholders, suppliers and customers, and communities.

Our commitment to ethical dealings is captured by the Company's core brand attribute "Exceptional People, Exceptional Care" and in the Code of Conduct and Board Charter.

The Radius Care Code of Conduct outlines how directors and employees are to consistently act with honesty and integrity.

The Code of Conduct will be reviewed by the Board every two years.

Corporate Governance continued

Trading in Financial Products

Radius Care also has a Financial Product Trading Policy, prohibiting the direct or indirect dealing of the Company's financial products when holding inside information, and setting out a duty of confidentiality that protects the dissemination and use of confidential company information. The Financial Product Trading Policy also defines black-out periods during which certain restricted persons are prohibited in trading in Radius Care shares unless provided by a specific exemption by the Radius Care Chair or Chief Executive (CEO).

Principle 2. Board composition and performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Responsibilities of the Board

The Board has overall responsibility for all decision making within Radius Care. Day-to-day management of the Company, including being the company's principal representative, is delegated to the CEO. The Boards' functions are set out in the Board Charter and include:

- Establishing corporate objectives and strategies
- Reviewing and approving the strategic, business, risk, and financial plans prepared by management.
- Monitoring performance against these plans.
- Appointing, providing counsel to and reviewing the performance of the CEO.
- Approving major investments and divestments.
- Ensuring ethical behaviour by the Company, Board, management and employees.
- Assessing its own effectiveness in carrying out its functions.
- Ensuring timely and transparent stakeholder and market communication.

The Board monitors these matters by receiving reports and plans from management, maintaining an active programme of divisional visits and through its annual work programme.

The Board uses committees to address certain issues that require detailed consideration by members of the Board who have specialist knowledge and experience. The Board retains ultimate responsibility for the functions of its committees and determines their responsibilities.

The Board has a statutory obligation to reserve responsibility for certain matters.

Details of the Radius Care Board's role, composition, responsibilities, operation, policies and committees are provided in the Board Charter.

Director nomination, appointment and reappointment

The Board is responsible for the process of appointment and reappointment of Directors, who are elected by Shareholders. The Board identifies candidates to be nominated or re-elected as a Director through a procedure outlined in the Board Charter.

The Board is comprised of Directors who have a mix of skills, knowledge, experience and diversity to adequately discharge its responsibilities and add value to Radius Care.

Letter of appointment

All Directors have entered into a written agreement with Radius Care setting out the terms of their appointment.

Board composition

Directors

As at 31 March 2021 and the date of this Annual Report, the Board comprised of the following six Directors:

Brien Cree	Chair, Executive Director	Appointed August 2003
Duncan Cook	Executive Director	Appointed July 2010
Bret Jackson	Non-Executive Director	Appointed September 2014
Timothy Sumner	Non-Executive Director	Appointed September 2014
Mary Gardiner	Independent Director	Appointed December 2020
Hamish Stevens	Independent Director	Appointed December 2020

Four of the Directors are non-executive Directors. The Board has considered which of the Directors are Independent Directors for the purposes of the NZX Listing Rules and has determined that, as at 31 March 2021, two Directors are Independent Directors, including the Chair of the Audit Committee. The factors relevant to determining whether a Director is an Independent Director are the criteria in the NZX Listing Rules for Director independence, having regard to the factors described in the NZX Corporate Governance Code that may impact Director independence.

The Company's Constitution specifies that the Board shall have a minimum of three directors; at least two Directors shall be ordinarily resident in New Zealand; and while the Company is Listed, it shall have not less than the minimum number of Independent Directors prescribed by the Listing Rules.

A profile of each Director is available on the Radius Care website (www.radiuscare.co.nz) at pages 23 – 24 of this report. The profiles include information on the skills, experience and background of each Director. Radius Care complies with Listing Rule 2.1.1(c) (namely "at least two Directors must be Independent Directors"). Having only recently listed on NZX in December 2020, it does not yet comply with NZX Code Recommendation 2.8 that a majority of the Board should be Independent Directors. Radius Care aims to comply with this Recommendation in the medium term.

Ownership of Radius Care shares by Directors is encouraged rather than being a requirement. Directors' ownership interests are disclosed at page 89.

At this stage the Board does not have a tenure policy however it is committed to a regular refreshment programme to introduce new perspectives, skills, attributes and experience. A formal evaluation will be undertaken in FY2022 which will identify any skills gap that should be addressed over the next one to two years.

Interests Register

The Board maintains an Interests Register. Any Director who is interested in a transaction with the Company must immediately disclose to the Board the nature, monetary value and extent of the interest. A Director who is interested in a transaction may attend and participate at a Board meeting at which the transaction is discussed but may not be counted in the quorum for that meeting or vote in respect of the transaction, unless it is one in respect of which Directors are expressly required by the Companies Act 1993 to sign a certificate. Particulars of entries made in the Interests Register for the year ended 31 March 2021 are included in the Director Disclosures section on page 86.

Diversity

The Board seeks diversity in the skills, attributes, perspectives and experience of its members across a broad range of criteria so as to represent the diversity of shareholders, business types and regions in which it operates. Diversity, both at Board level and throughout the Company, is actively considered and reviewed by the Board. A formal Diversity Policy will be adopted by the Board in FY2022.

Radius Care recruits, promotes and compensates on the basis of merit, regardless of gender, ethnicity, religion, age, nationality, sexual orientation, union membership or political opinion. A fundamental tenet of the Company's values is Exceptional people, Exceptional Care together with: Commitment: Leaders in care; Courage: Do the right thing; Compassion: Act with empathy.

Corporate Governance continued

Responsibility for workplace diversity and the setting of measurable objectives is held by the Remuneration and Human Resources Committee.

The following table reports gender composition of the Board and officers as at 31 March 2021. Radius Care has determined that the category of Officers comprises the members of its senior management team.

	As at 31 March 2021		As at 31 March 2020	
Position	**Female**	**Male**	**Female**	**Male**
Director	1 (17%)	5 (83%)	-	4 (100%)
Officers	3 (43%)	4 (57%)	2 (40%)	3 (60%)

Director training

The Board ensures that there is appropriate training available to all Directors to enable them to remain current on how best to discharge their responsibilities and keep up to date on changes and trends in areas relevant to their work. Directors are provided with industry information and receive copies of appropriate Company documents to enable them to perform their role. In addition, visits to Radius Care's facilities, briefing from senior management and key advisors to Radius Care are arranged for Directors. Where training is undertaken at the Company's expense, directors are expected to brief the Board on key learnings.

The Board also ensures that new Directors are appropriately introduced to Management and the businesses.

Board Performance Evaluation

The Board undertakes an annual assessment of Board, director and committee performance, seeking assistance, as required, from external advisors.

Principle 3 – Board Committees

The Board should use committees where this will enhance its effectiveness in key areas, while still retaining Board responsibility.

Board Committees

The Board currently has two committees – the Audit and Risk Committee and the Remuneration and Human Resources Committee. The Board may set up ad-hoc committees when required to efficiently and effectively carry out key governance functions, while retaining ultimate responsibility for all decisions and actions.

Each Committee focuses on specific areas of governance and together they strengthen the Board's oversight of the Company. Committee membership is reviewed annually. Each Committee has a written charter that is approved by the Board, which sets out its mandate. The charters are reviewed annually with any proposed changes recommended to the Board for approval. The charters are available at www.radiuscare.co.nz/investors-centre/governance.

Each Committee has an annual work programme of matters to be addressed over the following 12 month period. Included in the work programme is an annual review of performance against the Committee charter and objectives for the year. The Committee's review findings are reported to the Board.

Standing committees of the Board

Audit and Risk Committee

Composition	Roles	Members
• At least three members of the Board; a majority of members must be independent. • At least one member who has an accounting or financial background. • Committee Chair appointed by the Board; must be an independent director; not the Chair of the Board.	Responsibility for: • External financial reporting; • Internal control environment; • Business Assurance / Internal Audit and external audit functions; • Risk management.	Hamish Stevens (Chair) Mary Gardiner Tim Sumner

The Committee met on one occasion during the period from listing on 10 December 2020 to 31 March 2021.

Remuneration and Human Resources Committee

Composition	Roles	Members
• At least three members of the Board. • Committee Chair appointed by the Board; must be a non-executive director; not the Chair of the Board.	Responsibility for: • Establishment of remuneration policies and practices for the CEO, Key Management, and Directors; • Oversee remuneration-setting and review; and • Oversee the management of human resources activities.	Duncan Cook (Chair) Mary Gardiner Bret Jackson

The Committee did not meet during the period from listing on 10 December 2020 to 31 March 2021. Radius Care does not currently fully comply with NZX Code Recommendation 3.3 given that the Remuneration and Human Resource Committee does not currently comprise of a majority of Independent Directors.

Meeting Attendance by Officers

Officers and other employees only attend Committee meetings at the invitation of the relevant Committee.

The CEO and General Manager, Finance are regularly invited to attend Audit and Risk Committee meetings.

Attendance at Meetings

Director attendance at Board and Committee meetings during the period from 10 December 2020 when Radius Care listed on NZX to 31 March 2021 are set out below.

Board, Audit and Risk Committee, Remuneration and Human Resources Committee

	Board		Audit & Risk Committee		Remuneration & Human Resources Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Brien Cree	3	3				
Duncan Cook	3	3			0	0
Mary Gardiner	3	3	1	1	0	0
Bret Jackson	3	3			0	0
Hamish Stevens	3	3	1	1		
Tim Sumner	3	3	1	1		

No separate Nomination Committee

The Board has decided not to have a separate Nomination Committee as Director appointments are considered by the Board as a whole, as further disclosed in Principle 2 above.

Takeover offer protocols

In the event a takeover offer is received, the Board would engage legal and financial experts to provide advice on procedure. Forward takeover protocols will be developed and adopted in FY2022.

Corporate Governance continued

Principle 4 – Reporting and Disclosure

The Board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

Shareholder Communications and Market Disclosure

The Board is committed to providing timely, orderly, consistent, accurate, and credible information in accordance with legal and regulatory requirements to enable orderly behaviour in the market. The Board believes objective disclosure is fundamental to building shareholder value and earning the confidence of the investment community.

The Company has in place a written Market Disclosure Policy designed to ensure this occurs. The policy includes procedures intended to ensure that disclosure is made in a timely and balanced manner and in compliance with the NZX Listing Rules, such that the Board is able to fulfil its obligation to keep investors and the market informed through a timely, clear, and balanced approach that communicates all information which may have a material effect on the price of Radius Care' shares, whether it is positive or negative, in accordance with the NZX Listing Rules.

Procedures are set out in the Policy to guide Directors, officers and employees on the appropriate steps to take if they become aware of any information that may be material that is not generally available to the market. All NZX and media releases are subject to an agreed sign off procedure which requires approval from the Chair of the Board or CEO. Significant market announcements, including the preliminary announcement of the half year and full year results, the consolidated financial statements for those periods, and any advice of a change in earnings forecast are approved by the Board.

Directors consider at the end of each Board meeting whether there is any material information that should be disclosed to the market.

Financial and Non-Financial Reporting

The Board is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders. A programme of clear, meaningful, timely and effective communications with shareholders is centred around a comprehensive set of information regarding the Company's operations and results being available primarily in its six monthly and full year reports, in ad hoc releases lodged with NZX and also on its website.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness, balance and timeliness of financial statements. It reviews interim and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with financial reporting standards, stock exchange and legal requirements, and the results of the external audit.

All interim and full-year consolidated financial statements are prepared in accordance with relevant financial standards.

Principle 5 - Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

Director Remuneration

In accordance with best practice corporate governance, the structure of Director remuneration is separate and distinct from the remuneration of the CEO and other officers, and is reviewed on an annual basis.

The Board intends to review Director remuneration annually to ensure the Company's Directors are fairly remunerated for their services and level of skill and experience required to fulfil the role is recognised. They have no entitlement to any performance-based remuneration or participation in any share-based incentive schemes.

Each Director receives a base fee for services as a Director of the Company and an additional fee is also paid for being a member of the Board Committees. The payment of an additional fee recognises the additional time commitment and specific skills required by each Director who serves on those Committees. All Directors are also entitled to be reimbursed for costs associated with carrying out their duties.

Fees paid to the Directors of the Company (in their capacity as director) for year ended 31 March 2021 were as follows:

Directors	Base fee	Fees for serving on Audit and Risk Committee	Fees for serving on Remuneration and Human Resources Committee	Total Remuneration
Brien Cree	$52,083			$52,083
Duncan Cook	$113,333		$4,000	$117,333
Mary Gardiner	$30,000	$2,000	$2,000	$34,000
Bret Jackson	$82,083		$2,000	$84,083
Hamish Stevens	$30,000	$4,000		$34,000
Tim Sumner	$82,083	$2,000		$84,083

As of listing, Brien Cree as Executive Chairman of Radius Care did not receive any fees in his capacity as a Director. The fees paid to Brien Cree in the table above were paid in the period prior to Radius Care's listing on 10 December 2020.

The fees for directors of Radius Care (in their capacity as directors) that applies from the date of listing on NZX 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 / Managing Director.

Position	Fees per annum
Chair	Nil
Directors (other than the Chair)	$90,000
Committee Chair	$12,000
Committee members	$6,000

Remuneration of the CEO

The remuneration of the CEO currently comprises fixed remuneration that is based on the scale and complexity of the role, market relativities, qualifications and experience. Other benefits, including Kiwisaver and a carpark, are included in fixed remuneration. Radius Care does not currently have any short-term incentive (STI) or long-term incentive (LTI) arrangements in place for the CEO, and accordingly no such payments were made in the FY2021 year. Stuart Bilbrough did however receive a one-off issue of 187,500 shares having a value of $150,000 in connection with the successful listing of Radius Care in FY2021. The Board intends to establish STI and LTI arrangements for the CEO in FY2022.

Corporate Governance continued

CEO Remuneration Paid

		Salary[1] $	Benefits[2] $	Subtotal $	Share based payments $	Total $
Stuart Bilbrough*	FY2021	339,231	14,577	353,808	150,000	503,808
Brien Cree^	FY2021	880,598	29,981	910,579	-	910,579
Brien Cree	FY2020	827,899	28,400	856,299	-	856,299

1 Actual salary paid includes holiday pay paid as per NZ legislation.
2 Benefits include Kiwisaver and car park.
** The CEO was employed on 8 June 2020.*
^ In his capacity as Managing Director of Radius Care in the 12 months to 31 March 2021.

Employees' Remuneration

All employees are employed by Radius Care. The number of employees and former employees, not in relation to being a Director of Radius Care, who received remuneration and other benefits the value of which exceeded $100,000 during the financial year ended 31 March 2021 is set out in the table of remuneration bands below.

The remuneration figures shown in the "Remuneration" column include all monetary payments actually paid during the course of the year ended 31 March 2021. The table does not include amounts paid after 31 March 2021 that relate to the year ended 31 March 2021.

Remuneration	Number of employees
$910,000 - $919,999	1
$350,000 - $359,999	1
$300,000 - $309,999	1
$200,000 - $209,999	1
$170,000 to $179,999	1
$150,000 to $159,999	1
$140,000 to $149,999	3
$130,000 to $139,999	7
$120,000 to $129,999	1
$110,000 to $119,999	3
$100,000 to $109,999	9

Principle 6 – Risk Management

Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The Board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

The Board is responsible for ensuring that key business risks are identified, and that appropriate controls and responses are in place to effectively manage those risks. The Board considers risk management an important governance function to protect stakeholders and optimise shareholder value.

The Board composition includes Directors with long-term experience in the care sector and with senior-level governance experience. The Board's complementary skill set and understanding of the core business have allowed it to implement strategies to mitigate risk such as those associated with the COVID-19 pandemic.

The Board retains ultimate oversight of risk management, with the Audit and Risk Committee delegated with responsibility for ensuring that the Company's risk management framework is appropriate and that it appropriately identifies, assesses, manages and monitors risks.

The Committee's responsibilities in relation to risk include:

- assessing the effectiveness of, and monitor compliance with, the risk management framework;
- identifying areas for fulsome review on significant risks for inclusion in the agenda of the responsible Board and/or Board Committee meeting;
- reporting to the Board on progress with risk management work; and
- reviewing and recommending policies for Board approval.

Risk management is an integral part of Radius Care's business. The Board requires management to prepare a risk management framework incorporating a risk register. This approach is intended to embed a comprehensive, holistic, Group-wide culture of risk awareness in senior management and in decision makers across the business, supported by a consistent method of identifying, assessing, controlling, monitoring and reporting Radius Care's existing and potential risks.

The framework is used to identify those situations and circumstances in which the Company may be materially at risk and for which risk mitigation activities are appropriate. The objectives of the framework are to:

- Provide a consistent and structured way to identify, assess and manage risk across the Company;
- Ensure the Company manages the risks it faces in achieving its objectives; and
- Ensure staff and management are aware of and meet their responsibilities to identify, evaluate and treat the risks that may prevent or restrict the Company from achieving its objectives.

Risk management is a standing item on the agenda for Audit and Risk Committee meetings, with detailed reports provided by management.

Insurance

Radius Care has insurance policies in place covering most areas where risk to its assets and business can be insured at a reasonable cost.

Corporate Governance continued

Principle 7 – Auditors

The Board should ensure the quality and independence of the external audit process.

External Auditor

Radius Care's Audit and Risk Committee Charter outlines the Company's commitment to an independent audit process that provides shareholders and the market with objective, robust, clear and timely financial reporting. The Committee's responsibilities are to:

- Monitor the independence and effectiveness of the external auditors;
- Make recommendations to the Board on the appointment and termination of the external auditors;
- Approve the external audit terms of engagement, audit partner rotation, and audit fee;
- Review the annual audit plan of the external auditors;
- Review and approve non-audit services performed by the external auditor in accordance with the External Auditor Independence Policy;
- Review the External Auditor Independence Policy on a regular basis; and
- Ensure the Key Audit Partner is rotated at least every five years.

The Audit and Risk Committee in consultation with management and the external auditor reviews the efficiency and effectiveness of the external audit process, and provides a formal channel of communication between the Board, senior management and the external auditor.

Radius Care's external auditor is Baker Tilly Staples Rodway. Baker Tilly Staples Rodway has confirmed independence to the Audit and Risk Committee and that its independence was not compromised during the reporting period.

The External Auditor Independence Policy is available at www.radiuscare.co.nz/investors-centre/governance.

The fees paid to the external auditor is included in note 2.3 of the Notes to the Consolidated Financial Statements. A total of $175k was paid for audit and assurance-related services, $90k was paid for tax compliance services. No other fees were paid to the external auditor for professional fees.

All non-assurance services provided must have the prior approval of the Audit and Risk Committee.

The external auditor is regularly invited to meet with the Committee including without management present.

The external auditor has been invited to attend the Annual Shareholders' Meeting and will be available to answer questions about the audit process and the independence of the auditor.

Internal Audit

The Company does not have an inhouse internal audit function. The internal control framework that Radius Care uses to manage risk is described in further detail under Principle 6 above. External specialists will be appointed to carry out the internal audit plan, once set by the Audit and Risk Committee.

Principle 8. Shareholder rights and relations

The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Shareholder Relations

The Board is committed to maintaining open and transparent communications with investors and other stakeholders. Radius Care listed in December 2020 and has not yet completed a full 12 months as an NZX-listed company. The Board's shareholder communications programme will see the annual report, NZX releases, governance policies and charters and a variety of corporate information posted to the Company's website.

Recordings of results briefings, when undertaken, will be in the Investors section of the website.

Each shareholder is entitled to receive a hard copy of the annual report, unless they have elected to receive it electronically.

A Shareholder Meetings page will be available in the Investor's Centre section of the website and will include all relevant documents relating to the meeting. Shareholder meetings will be held at a time and location to encourage participation in person by shareholders.

Electronic Communications

Shareholders have the option of receiving their communications electronically. Contact details for Radius Care's support office and its share registrar, Computershare, are available on the website.

Major Decisions

The Market Disclosure Policy sets out directors' commitment to timely and balanced disclosure and to advising shareholders on any major decisions. Where voting on a matter is required, the Board encourages investors to attend the meeting or to send in a proxy vote. Shareholders may raise matters for discussion at the Annual Shareholders' Meeting either in person or by emailing Radius Care with a question to be asked.

Radius Care will conduct voting at its Annual Shareholders' Meetings by way of poll and on the basis of one share, one vote.

Additional equity

Should additional equity be sought through a capital raising the Board will take NZX Code Recommendation 8.4 into account.

Availability of ASM / ESM notices of meeting

The Board is committed to ensuring that notices of meetings of shareholders are posted to Radius Care's website as soon as possible and, where practicable, at least 20 working days prior to the meeting. Where a notice of meeting is circulated less than 20 working days in advance of the meeting in question, Radius Care will explain why in its next corporate governance statement. There have been no shareholder meetings held in the period to which this annual report relates.

Differences in practice to NZX Code

Material differences between Radius Care's corporate governance practices and the NZX Code in the period between listing on 10 December 2020 and 31 March 2021 are set out below. Where there are differences, these have been approved by the Board. Further developments in corporate governance practices are expected to be implemented during FY2022.

NZX Code Principle	NZX Code Recommendation	Key difference	Current status
2. Board Composition and Performance	2.5 Diversity policy An issuer should have a written diversity policy	Radius Care does not currently have a written Diversity Policy	A written Diversity Policy and Inclusion Policy will be prepared in FY2022
2. Board Composition and Performance	2.8 A majority of the board should be independent directors	Radius' Constitution requires that the Board be comprised of not less than five Members. The Board will comprise at least two Independent Directors	Of the six directors, two have been determined to be independent
3. Board Committees	3.3 Majority of the Remuneration Committee should be Independent Directors	The majority of members are not independent directors	Of the three members, one has been determined to be an independent director
3. Board Committees	3.6 The Board should establish appropriate takeover protocols	Radius Care does not currently have any takeover protocols	Formal takeover protocols will be adopted in FY2022
4. Reporting and Disclosure	Non-financial disclosures, including environmental, economic and social sustainability risks	Yet to fully develop a sustainability programme	The Board intends to actively focus on developing a sustainability programme
5. Remuneration	5.2 Remuneration policy for directors and officers	An issuer should have a remuneration policy for directors and officers	A written Remuneration Policy will be prepared in FY2022

Other Disclosures

Interests Register

Disclosure of Directors' Interests

The full list of Directors' Interests were disclosed in the 31 March 2020 Consolidated Financial Statements that's available on the Radius Care website.

The following particulars are updates that were entered in the Interests Register kept for Radius Care and its subsidiaries during the year ended 31 March 2021:

Duncan Cook: Disclosed he ceased to hold the following positions:

Entity	Nature of Interest
M G Hill Trustee Limited	Director
New Horizons Limited	Shareholder
Landscape Supplies 15th Ave Limited	Shareholder
Sharp Tudhope Protector Services Limited	Director
Sharp Tudhope Trustee Holdings Limited	Director and Shareholder
Sharp Tudhope Trustee Services Limited	Director
Sharp Tudhope Trustee Services No 2 Limited	Director
Sharp Tudhope Trustee Services No 3 Limited	Director
Sharp Tudhope Trustee Services No 4 Limited	Director
Sharp Tudhope Trustee Services No 5 Limited	Director
Sharp Tudhope Trustee Services No 6 Limited	Director
Sharp Tudhope Trustee Services No 7 Limited	Director
Sharp Tudhope Trustee Services No 8 Limited	Director
Sharp Tudhope Trustee Services No 9 Limited	Director
Sharp Tudhope Trustee Services No 10 Limited	Director
Sharp Tudhope Trustee Services No 11 Limited	Director
Sharp Tudhope Trustee Services No 12 Limited	Director
Sharp Tudhope Trustee Services No 13 Limited	Director
Sharp Tudhope Trustee Services No 14 Limited	Director
Sharp Tudhope Trustee Services No 15 Limited	Director
Sharp Tudhope Trustee Services No 16 Limited	Director
Sharp Tudhope Trustee Services No 17 Limited	Director
Sharp Tudhope Trustee Services No 18 Limited	Director
Sharp Tudhope Trustee Services No 19 Limited	Director
Sharp Tudhope Trustee Services No 20 Limited	Director

Entity	Nature of Interest
Sharp Tudhope Trustee Services No 21 Limited	Director
Sharp Tudhope Trustee Services No 22 Limited	Director
Sharp Tudhope Trustee Services No 23 Limited	Director
Sharp Tudhope Trustee Services No 24 Limited	Director
Sharp Tudhope Trustee Services No 25 Limited	Director
Sharp Tudhope Trustee Services No 26 Limited	Director
Sharp Tudhope Trustee Services No 27 Limited	Director
Sharp Tudhope Trustee Services No 28 Limited	Director
Sharp Tudhope Trustee Services No 29 Limited	Director
Sharp Tudhope Trustee Services No 30 Limited	Director
Sharp Tudhope Trustee Services No 31 Limited	Director
Sharp Tudhope Trustee Services No 32 Limited	Director
Sharp Tudhope Trustee Services No 33 Limited	Director
Sharp Tudhope Trustee Services No 34 Limited	Director
Sharp Tudhope Trustee Services No 35 Limited	Director
Sharp Tudhope Trustee Services No 36 Limited	Director
Sharp Tudhope Trustee Services No 37 Limited	Director
Sharp Tudhope Trustee Services No 38 Limited	Director
Sharp Tudhope Trustee Services No 39 Limited	Director
Sharp Tudhope Trustee Services No 40 Limited	Director
Sharp Tudhope Trustee Services No 41 Limited	Director
Sharp Tudhope Trustee Services No 42 Limited	Director

Mary Gardiner: Disclosed the following positions:

Entity	Nature of Interest
Southern Cross Pet Insurance Limited	Director
Northern Netball Zone Incorporated	Chair
Mangere Mountain Education Trust	Trustee
Kidsen Limited	Director and Shareholder

Other Disclosures continued

Hamish Stevens: Disclosed the following positions:

Entity	Nature of Interest
Pacific Radiology Group Limited	Director
Marsden Maritime Holdings Limited	Director
Pharmaco NZ Limited	Director
Pharmaco House Limited	Director
Pharmaco (Australia) Limited	Director
The Kennedy's Limited	Director
Botany Health Hub Limited	Director
Northport Limited	Director
ECL Group Limited	Director
Counties Power Limited	Director
Evolve Education Group Limited	Director
Governance and Advisory Limited	Director and Shareholder
East Health Services Limited	Director
Ormiston Health Properties Limited	Director
Health Improvement Group Limited	Director
East Health Clinic Investments Limited	Director
Au Pair (Evolve) Limited	Director
Evolve ECEM Limited	Director
Evolve Group 1 Limited	Director
Evolve Group 2 Limited	Director
Evolve Group 3 Limited	Director
Evolve Group 4 Limited	Director
Evolve Group 5 Limited	Director
Evolve Group 6 Limited	Director
Evolve Home Day Care Limited	Director
Evolve Management Group Limited	Director
Lollipops Educare (Birkenhead) Limited	Director
Lollipops Educare (Hastings) Limited	Director
Lollipops Educare Centres Limited	Director
Lollipops Educare Holdings Limited	Director
Lollipops Educare Limited	Director

Specific Disclosures

See related party note 5.5 in the consolidated financial statement section for any disclosures made by Directors during the year ended 31 March 2021 of any interests in transactions with Radius Care or any of its subsidiaries.

Use of Company Information

During the year ended 31 March 2021, the Board did not receive any notices from Directors requesting use of Radius Care's or any of its subsidiaries' information.

Securities Dealings of Directors

Dealings by Directors in relevant interests in Radius Care's ordinary shares in the year ended 31 March 2021 as entered in the Interests Register:

Director	Transaction	No. of shares	Nature of relevant interest	Price per share	Date of transaction
Brien Cree	Share disposal by Wave Rider Holdings Limited as trustee of Wave Rider Trust	500,000	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	-	9-Dec-20
Bret Jackson	Share disposal by Knox Radius L.P.	79,187,500	Has a relevant interest in shares held by Knox Radius L.P. as, by virtue of being a director of Knox Investment Partners, together with Timothy Sumner, he has the power to control the exercise of rights attaching to shares held by Knox Radius L.P.	-	9-Dec-20
Bret Jackson	Share acquisition by Takatimu Investments Limited as trustee of the Takatimu Investment Trust	29,434,590	Has a relevant interest in shares held by Takatimu Investment Trust, by virtue of being the sole shareholder and a director of Takatimu Investments Limited	-	9-Dec-20
Bret Jackson	Share acquisition by Knox Fund IV NZD LP	22,501,977	Has a relevant interest in shares held by Knox Fund IV NZD LP 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 shares held by Knox Fund IV NZD LP	-	9-Dec-20
Bret Jackson	Share acquisition by Knox Fund IV AUD LP	4,320,051	Has a relevant interest in shares held by Knox Fund IV AUD LP 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 shares held by Knox Fund IV AUD LP	-	9-Dec-20
Timothy Sumner	Share disposal by Knox Radius L.P.	79,187,500	Has a relevant interest in shares held by Knox Radius L.P. as, by virtue of being a director of Knox Investment Partners, together with Bret Jackson, he has the power to control the exercise of rights attaching to shares held by Knox Radius L.P.	-	9-Dec-20
Timothy Sumner	Share acquisition	997,456	Registered holder and beneficial owner	-	9-Dec-20
Timothy Sumner	Share acquisition by Knox Fund IV NZD LP	22,501,977	Has a relevant interest in shares held by Knox Fund IV NZD LP 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 shares held by Knox Fund IV NZD LP	-	9-Dec-20
Timothy Sumner	Share acquisition by Knox Fund IV AUD LP	4,320,051	Has a relevant interest in shares held by Knox Fund IV AUD LP 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 shares held by Knox Fund IV AUD LP	-	9-Dec-20

Other Disclosures continued

Duncan Cook	Share issue for services provided as a long-term employee	250,000	Registered holder and beneficial owner	$0.80 per share	9-Dec-20
Duncan Cook	Share acquisition	125,000	Registered holder and beneficial owner	-	9-Dec-20

Directors' Interest in Shares

Directors of Radius Care have disclosed the following relevant interests in shares as at 31 March 2021:

Director	Number of Shares in which Relevant Interest is Held
Brien Cree	95,312,500
Bret Jackson	29,434,590
Timothy Sumner	27,819,484
Duncan Cook	375,000

Indemnity and Insurance

Radius Care has granted indemnities, as permitted by the Companies Act 1993 and the Financial Markets Conduct Act 2013, in favour of each of its Directors. Radius Care also maintains Directors' and Officers' liability insurance for its Directors and Officers.

Subsidiary Company Directors

Brien Cree and Duncan Cook are Directors of all Radius Care subsidiaries as at 31 March 2021, with the exception of:

Radius Care Limited, Radius Care Holdings Limited and Radius Arran Court Limited (the Directors of which are Brien Cree and Stuart Bilbrough). No extra remuneration is payable for any directorship of a subsidiary.

Other information

Auditor's Fees

Baker Tilly Staples Rodway is the external auditor of Radius Care and it's subsidiaries. Total fees paid by Radius Care and its subsidiaries to Baker Tilly Staples Rodway in its capacity as auditor during the financial year ended 31 March 2021 were $175k. Total fees paid to Baker Tilly Staples Rodway for other professional services (being taxation services) during the financial year ended 31 March 2021 were $90k. No other fees were paid to Baker Tilly Staples Rodway for other professional services.

Donations

For the year ended 31 March 2021, Radius Care and it's subsidiaries paid a total of $14k in donations. No donations were paid to political parties.

Stock Exchange Listings

Radius Care's shares are listed on the NZX. Radius Care is required to comply with the NZX Listing Rules. Radius Care confirms that it has complied with the NZX Listing Rules for the period from its listing to 31 March 2021.

NZX Waivers

Radius Care does not have any waivers from the requirements of the NZX Listing Rules.

Credit Rating

Radius Care has no credit rating.

Shareholder Information

Twenty Largest Shareholders

(as at 31 March 2021)

Registered Shareholder	Number of shares	% Shares
WAVE RIDER HOLDINGS LIMITED	95,312,500	54.00
KNOX FUND IV NZD LP	22,501,977	12.75
FORSYTH BARR CUSTODIANS LIMITED	6,646,364	3.77
PERPETUAL CORPORATE TRUST LIMITED - ACT PRIVATE EQUITY NO 3 FUND	5,994,760	3.40
PERPETUAL CORPORATE TRUST LIMITED - ROC ALTERNATIVE INVESTMENT TRUST VI	5,994,760	3.40
PERPETUAL CORPORATE TRUST LIMITED - ROC ASIA PACIFIC CO-INVESTMENT FUND II	5,994,760	3.40
KNOX FUND IV AUD LP	4,320,051	2.45
AARON SNODGRASS & BRIAN MALTBY & SIMON CURRAN & FRANCES VALINTINE & PETER ALEXANDER & JONATHAN MASON	3,750,178	2.12
TAKATIMU INVESTMENTS LIMITED	2,612,562	1.48
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD	1,866,430	1.06
ANDREW JOHN CLARK	1,854,935	1.05
CENTRAL LAKES DIRECT LIMITED	1,750,083	0.99
TIMOTHY SUMNER	997,456	0.57
MCGREGOR CORPORATION PTY LIMITED	943,394	0.53
PETER YOUNG & MARIE YOUNG	896,870	0.51
BRIDGETTE JACKSON & MJ BENNETT TRUSTEES LIMITED	784,725	0.44
NEW ZEALAND DEPOSITORY NOMINEE LIMITED	759,394	0.43
BRENT COOK	749,645	0.42
NICHOLAS WELLS & JEREMY VALENTINE	610,949	0.35
OLGA SKORIK & GEOFF HOSKING	439,861	0.25
Total	**164,781,654**	**93.37**

Shareholder Information continued

Spread of Holdings

(as at 31 March 2021)

Size of Holding	Number of Shareholders	%	Number of shares	%
1 - 1,000	101	14.28%	67,437	0.04%
1,001 - 5,000	357	50.50%	853,537	0.48%
5,001 - 10,000	91	12.87%	775,636	0.44%
10,001 - 100,000	111	15.70%	3,706,583	2.10%
100,001 and over	47	6.65%	171,091,807	96.94%
Total	**707**	**100%**	**176,495,000**	**100%**

Substantial Product Holders

According to Radius Care's records and notices given under the Financial Markets Conduct Act 2013, the following were substantial product holders of Radius Care as at 31 March 2021:

Substantial Product Holder	Number of shares	% of shares Held at Date of Notice	Date of Notice
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	10 December 2020
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: • 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	10 December 2020
Knox Fund IV NZD LP is the registered holder and beneficial owner of shares.	22,501,977	12.75	10 December 2020

Substantial Product Holder	Number of shares	% of shares Held at Date of Notice	Date of Notice
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: • 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	10 December 2020

The total number of ordinary shares (being the only class of quoted voting products) on issue in Radius Care as at 31 March 2021 was 176,495,000.

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radius care

Caring is our calling