

Radius Residential Care Limited

Shareholders' Special Meeting

5 May 2022

Address by the Executive Chair

[SLIDE 1 WELCOME]

Good morning everyone. I'm Brien Cree and I'm the Executive Chair and Managing Director of Radius Residential Care Limited. It's my pleasure to welcome you to this special meeting of shareholders. This meeting is being held to seek shareholder approval of a transaction with UCG Investments Limited which would see Radius: Simultaneously

- acquire the land and buildings at four strategically important leased sites; and
- enter into an agreement to acquire the land and buildings at a fifth leased site with a third party, Warehouse Storage Limited, nominated to acquire that property.

There is just one resolution that covers the matters that are being put to you for approval today.

Whether you are joining us in person at the meeting or joining us online, I would like to thank you for attending and welcome you all.

Today's meeting is a hybrid meeting. That means shareholders, proxy holders and guests are able to attend the meeting both in person and virtually. All attendees will be able to hear and see a live webcast of the meeting. In addition, shareholders and proxies have the ability to ask questions and vote on resolutions. A guide to virtual meetings has been sent out however I will shortly provide further details on how to ask questions and how to vote.

For those of you who have joined us in person - I'd like to remind you to turn your mobile phones to silent. Also, if there's an emergency and we need to leave the room or building, please do so through the marked exits and take the stairs to the meeting point on Reimers Avenue. Please do not try to use the lifts. Eden Park staff will be available to help us if required.

[SLIDE 2: AGENDA]

I'm pleased to confirm that we have a quorum given we have more than five shareholders present in person or by proxy and therefore I declare this meeting open.

The items of business for this meeting and the resolutions to be considered by shareholders are contained in the Notice of Meeting which was sent to shareholders on 14 April 2022.

Our order of proceedings is that I will talk about the UCG transaction that the Board is seeking your approval to undertake. Our Chief Executive, Andrew Peskett, will tell you about why buying the land and buildings of these sites is so important to us. I'll then put the resolution and invite questions.

We will then move to voting. You'll have another opportunity to ask questions before I close the meeting.

We hope that those of you present will be able to join us after the meeting for refreshments.

At today's meeting we will only be addressing matters to do with the resolution to be considered at this meeting. I won't be providing a business update at this time. We will announce the results for the 12 months to 31 March 2022 on 30 May. The annual report will be released by the end of June and the annual shareholder meeting will be held in July. Details of the time and place of the annual shareholder meeting will be provided in due course.

I would now like to introduce my fellow Directors who are in attendance (either in person, or online). They are:

- Duncan Cook, a director of the company since 2010 and Chair of the Remuneration and Human Resources Committee
- Mary Gardiner, one of our two independent directors who joined the Board prior to the NZX listing. Mary is a member of the Audit and Risk Committee and the Remuneration and Human Resources Committee;
- Bret Jackson is joining us by Zoom. He has been a non-executive director of Radius Care since 2014. Bret is a member of our Remuneration and Human Resources Committee and Audit and Risk Committee.
- Hamish Stephens is not able to be at the meeting today and sends his apologies. He is an independent director who, like Mary, joined the Board in December 2020. Hamish chairs our Audit and Risk Committee.

You may be aware that Tim Sumner resigned from the Board at the end of February. Tim was US-based and joined KPMG in San Francisco. This precluded him from holding any external directorships. I'd like to take this opportunity to formally thank Tim for his tremendous contribution and support. Tim put his hand up to provide additional support to Michelle Slabber, our GM Finance, through the latter part of last year.

I'd also like to introduce Andrew Peskett to you. Andrew joined Radius Care last November in a contract role and was appointed CEO from 1 February 2022. Andrew was at Metlifecare for some 14 years so brings extensive experience in the retirement village and aged care industry. He's hit the ground running and brings enormous energy and enthusiasm to the role. Welcome Andrew.

Our senior management team is here today. Can I ask you to stand up:

Michelle Slabber, GM Finance

Jane Smart, Chief Operations Officer

Sam Carey, GM Marketing

Trish Evers, GM People

Gared Thomas, GM Development

We have recently announced the appointment of Wendy Jenkins as our Chief Financial Officer. Wendy is a very experienced senior leader and will join us in July, completing the team that reports to Andrew.

Our lawyers, Harnos Horton Lusk; and share registrar, Computershare, are also here today.

A warm welcome to you all.

[SLIDE 3: HOW TO SUBMIT A QUESTION ONLINE]

Those of you joining us online may by now be familiar with the process for asking questions and voting. For those of you who aren't it's straightforward. Online questions can be submitted at any time. To ask a question, please click on the Q&A speech bubble icon as indicated on this slide. Type your question into the field and press send. Please note that while you can submit questions from now on, we won't address them until the relevant time in the meeting. Please also note that your questions may be moderated or, if we receive multiple questions on one topic, these will be combined. However, if you don't feel your question has been addressed, please resubmit it.

For those of you present, we'll offer you an opportunity to ask questions about the resolution being put to shareholders at the appropriate time. There will also be an opportunity to ask questions of individual Directors informally after the meeting.

[SLIDE 4: HOW TO CAST YOUR VOTE ONLINE]

The second feature I want to explain to those of you who are attending through the virtual facility is the online voting process. If you're eligible to vote at this meeting, you will be able to cast your vote under the Vote tab. Once the voting has opened, the resolutions will allow votes to be submitted. To vote, simply select your voting direction from the options shown on screen. Your vote has been cast when the tick appears. To change your vote, simply select 'Change Your Vote'. You have the ability to change your vote, up until the time I declare voting closed.

For those of you who have joined us in person, those Shareholders who are entitled to vote and proxies who have discretion as to how they vote, should have received a Voting or Proxy Form when you registered upon arrival at the meeting. If you completed and submitted a Voting or Proxy form online or by post before voting closed at 10.30am on 3 May, you don't need to complete another Voting or Proxy form here today.

If you are in the room this morning and haven't received a Voting or Proxy form, when we move to voting, please go to the Computershare desk where Sarah or one of her team will be able to assist you.

Ballot boxes will be passed around the room later in the meeting for voting paper collection. I'll invite you to vote after all the resolutions have been introduced to the meeting.

I now declare voting open on all items of business. For those of you attending online, the polling icon will soon appear. Please submit your votes at any time. I will let you know before I move to close voting.

I will now hand over to Andrew, our CEO, to talk about the properties and the transaction.

[SLIDE 5: UCG TRANSACTION]

Tēnā koutou, tēnā koutou, tēnā koutou katoa

Brien, thank you and good morning everyone. I'm delighted to be here at my first shareholder meeting as Radius Care's Chief Executive.

On 30 March we announced the proposed acquisition of the land and buildings at four strategically important leased sites from one of Radius Care's landlords, UCG Investments Limited. The agreed acquisition price is \$46.7 million and is supported by valuations undertaken by Colliers.

We also have an option to buy the land and buildings of a fifth facility. Initially this facility will be acquired by Warehouse Storage Group. I will talk more about that option shortly.

If shareholders approve the purchase, the transaction will settle tomorrow.

Let me explain how the transaction links to Radius Care's strategy. Our strategy has four main pillars:

- Pillar one: The purchase of land and buildings of strategically important facilities we currently operate;
- Pillar two: Expansion of facilities we currently run – this is known as Brownfield Development;
- Pillar three: Development of completely new facilities on land we've bought – this is known as Greenfield Development; and
- Pillar four: Opportunistic value accretive acquisitions. This means buying existing facilities.

The acquisition we have put to shareholders for approval helps to progress Pillars One and Two.

[SLIDE 6: THE FACILITIES - FINANCIAL IMPACT OF LEASE vs OWNERSHIP]

We are proposing to buy the land and buildings of four facilities we currently lease, representing a total of 342 beds.

The overall annual lease cost is just over \$2.8 million a year or almost \$235,000 a month. The total P&L monthly cost is just over \$513,000. The annual net saving is more than \$3.6million - hence the transaction would be immediately earnings accretive.

In terms of the brownfields strategy pillar, another 100 care home rooms could be added across the four sites. Each of the rooms would be built to a standard that would allow us to charge accommodation supplements. This drives additional benefits for financial performance.

Let me now show you each of the properties.

[SLIDE 7: THE FACILITIES – OVERVIEW BY SITE]

Arran Court is in Te Atatu South in Auckland. It currently has capacity for 102 residents and we think it has the potential for another 18 beds.

St Joans is in Fairfield in Hamilton. This facility has capacity for 85 residents. The site is around 1.4 hectares and comes with two adjacent residential properties. We can add approximately 41 additional beds to this site.

Radius Peppertree is in Kelvin Grove in Palmerston North. It has capacity for 62 residents. This property has the potential for another 20 rooms to be added.

Radius Fulton in Caversham in Dunedin. The facility currently has 93 beds - we can add between 6 and 21 more beds, depending on the extent of the development.

All new rooms will be capable of having Occupation Right Agreements over these units.

To summarise, these facilities will increase Radius Care's owned portfolio by 342 beds at four sites. By purchasing strategically important facilities already operated, but not owned, we expect a reduction in operating costs of around \$3.6 million.

The fifth UCG property is Radius Kensington in Maeroa in Hamilton. This facility currently has 96 care beds. Its valuation is \$14.6 million.

Shareholders are not being asked today to approve the exercise of the option to purchase Radius Kensington. If we do elect to exercise the option in the future, we will determine whether shareholder approval of the exercise of the option is required.

Let me explain why we're taking an option over this property rather than buying it outright. Put simply, nominating the Warehouse Storage Limited as the purchaser enabled us to execute the deal quickly and efficiently with the vendor. We have been able to negotiate with Neil Foster, one of our larger shareholders, that his company will buy the property and Radius Care will lease it from him. The option with Warehouse Storage Group will allow us to buy the land and buildings at any time between 24 May 2022 and the date of final expiry of the lease in May 2044. The price will be the value derived from applying a yield of 6.25% to the annual rental under the lease at the time of exercise of the option. The Board is supportive of this approach.

Now turning to funding for the transaction.

The \$46.7 million purchase price for the UCG Acquisition (and related transaction costs) will be fully funded by the following new and existing facilities to be provided by ASB Bank:

- a new \$23.675 million term loan with a five-year term;
- an existing development facility that will be partially (as to \$15 million) re-purposed for up to five months; and
- a new \$8 million bridge facility with a five-month term,

Full details of the funding facility are set out in the Notice of Meeting.

The interest rate is floating and the loans are interest only. We expect to operate well within the financial covenants.

Management's recommendation to the Board to finance the UCG Acquisition through the ASB Facilities suited the tight timing to complete the transaction and current capital market conditions. We have agreed with ASB that we will raise not less than \$23 million in new equity within five months of settlement. We have a number of options for raising these funds and will advise shareholders further once a decision on structure and timing has been taken.

Following the successful completion of the capital raising, the existing banking facility will return to its current facility limits and terms.

[SLIDE 8: OUR FACILITIES]

Looking at the overall portfolio, we currently own eight properties and lease 15. Should shareholders approve the transaction today, that will change to 12 being owned by Radius Care and 11 being leased. On an asset value basis, we will own properties with an aggregate value of \$96.2 million.

After settlement of the transaction, Radius Care will have total assets of around \$333 million and total debt of \$76.7 million, representing a debt to total assets ratio of 23%.

In summary, the acquisition of the UCG Properties progresses two of our four strategic pillars and is earnings accretive.

I'll now hand back to Brien.

Thanks Andrew. Before we move to the resolution, are there any questions? I'll take questions from the room first and then from those attending online.

In the interests of making it easy for those attending in person please wait for the microphone to be brought to you before asking your question. And please state your name and whether you're a shareholder or proxy holder. Only shareholders or proxy holders are entitled to ask questions.

[QUESTIONS] Pause. Check Room and Online

If there are no more questions let's move to the voting part of the meeting. There will be another opportunity to ask questions after the resolution has been put and also after voting has been completed.

[SLIDE 9: RESOLUTION]

Today's special shareholder meeting is being held because shareholder approval is required under two NZX Listing Rules.

Firstly, Listing Rule 5.1.1(b) provides that Radius Care may not enter into any transaction or series of transactions to acquire, sell, exchange, or otherwise dispose of assets where the gross value is above 50% of the company's average market capitalisation.

As at 30 March 2022, the date that the UCG Transaction was announced, Radius Care's market capitalisation was approximately \$103.7 million and the aggregate purchase price for the UCG Properties and the Kensington property is \$61.3 million.

Secondly, Listing Rule 5.2.1 provides that Radius Care may not enter into a 'Material Transaction' with a 'Related Party'. This rule is triggered due to Neil Foster's Warehouse Storage Limited being deemed to be a 'Related Party' of Radius Care. Radius Care would not have entered into the UCG Agreements and the Kensington Agreement had it not also entered into the nomination agreement with Warehouse Storage. The two companies are therefore acting jointly in respect of this transaction.

Settlement of each of the UCG Agreements and the Kensington Agreement are interdependent and all of the UCG Agreements and the Kensington Agreement must be settled at the same time.

I'd now like to move on to the formal voting on the resolution. Only shareholders, proxy holders or corporate representatives of a shareholder may vote on today's resolution.

The resolution is an ordinary resolution and is required to be passed by a simple majority of votes. This means the resolution will be passed if 50% of the shares voted today by shareholders electing to vote are voted in favour.

The resolution that we will be voting on today is as follows:

That the entry into and performance of the UCG Transaction be approved for all purposes, including Listing Rule 5.1.1(b) and Listing Rule 5.2.1.

Voting will be by poll.

The Board recommends shareholders vote in favour of the Resolution and allow the transaction to complete.

All directors have voted or propose to vote shares under their control or for which they've been given an undirected proxy in favour of this resolution.

To vote, you will need to mark your voting paper in the way you wish to vote by ticking "For", "Against" or "Abstain". Computershare will collect all voting papers after the resolution has been put to shareholders.

The directed proxy votes received will be displayed for your information on the screen after voting papers in the room have been collected.

I now move, as an ordinary resolution, that the UCG transaction be approved.

No seconding of the resolution is required.

If there are any questions on the resolution that you would like to raise, please raise your hand or enter your question through the online Q&A function. A reminder of the process is shown on screen.

[Pause and take Q&A if any] 1 min.

Thank you. Please now select either "For", "Against" or "Abstain" for Resolution 1 on the voting paper, or vote using the online function.

[SLIDE 10: PROXY VOTING]

Some shareholders who have not been able to physically attend this meeting have voted by proxy. You will see on the screen the votes that had been received at the time proxy voting closed on Tuesday.

My fellow directors and I will vote all undirected proxies in favour of the resolution.

Once all the votes have been cast, they will be counted by our share registrar, Computershare. The results of the meeting will be released to the NZX later today. If you have not already done so, please cast your votes now and the Computershare staff will collect voting papers.

Ladies and gentlemen that concludes our discussion on the items of business. In a couple of minutes, I'll close the voting system. Please ensure that you have cast your vote. I'll now pause to allow you time to finalise voting.

[wait for 30 seconds]

Ladies and gentlemen, voting is now closed and the formal business for this Special Meeting has been completed. Are there any further questions before I close the meeting?

[PAUSE]

[SLIDE 11: THANK YOU]

Thank you all for taking the time to connect with us today, be it online or in person. I look forward to seeing you again soon.

I now declare the meeting closed.

I invite those present to stay on for light refreshments and the opportunity to have informal discussions with Directors and management.

[ENDS]