

Radius Residential Care Care Arrives in the Capital

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Radius Residential Care (RAD) has announced the acquisition of the Karori Village care home in Wellington from Metlifecare for NZ\$13.6m (with settlement expected in late May 2026). The acquisition adds 90 care beds (~5% of existing capacity) and marks RAD's entry into the Wellington market, representing a further step in its expansion strategy. We understand the site also includes an additional 14 unoccupied apartments, for which management is assessing post-settlement options. We view the transaction as attractive, supported by management's expectation for the home to be immediately NPAT accretive in FY27. The unoccupied apartments also provide an opportunity for RAD to recoup capital and reduce the effective acquisition price. While the acquisition will be funded via core debt facilities, we believe RAD will retain optionality to pursue a post-settlement sale and leaseback, consistent with its capital-light model. Our FY26 forecasts are unchanged, but we increase FY27 and FY28 earnings to reflect the incremental contribution of the new site. Our blended spot valuation rises +2cps to NZ\$0.54.

NZX code	RAD	Financials: Mar/	25A	26E	27E	28E	Valuation (x)	25A	26E	27E	28E
Share price	NZ\$0.38	Rev (NZ\$m)	177.4	207.2	226.2	232.6	PE	14.5	8.3	6.6	5.7
Spot Valuation	NZ\$0.54 (from 0.52)	NPAT* (NZ\$m)	7.4	12.8	16.2	18.6	EV/EBIT	13.6	9.9	8.7	8.2
Risk rating	Medium	EPS* (NZc)	2.6	4.5	5.7	6.6	EV/EBITDA	9.2	7.4	6.7	6.2
Issued shares	283.4m	DPS (NZc)	1.5	2.0	2.5	3.1	Price / NTA	2.1	1.7	1.3	1.1
Market cap	NZ\$106.3m	Imputation (%)	100	100	100	100	Cash div yld (%)	3.9	5.3	6.7	8.1
Avg daily turnover	161.4k (NZ\$59k)	*Based on normalised profits					Gross div yld (%)	5.4	7.4	9.3	11.3

What's changed?

- **Earnings:** EPS rises +5% and +3% in FY27/FY28 respectively, reflecting contributions from the Karori Village care home.
- **Spot valuation:** Lifts +4% to NZ\$0.54 on earnings upgrades.

Village economics appear strong, potential for incremental EBITDA contribution of NZ\$2.6m

The economics of RAD's Karori Village acquisition appear to be attractive. RAD expects the site to be immediately NPAT accretive from FY27, and we understand near-term capex requirements are relatively limited. While initial EBITDAR per bed is likely to be below RAD's industry-leading NZ\$29.9k average (as at 1H26), we expect performance to converge towards this level over the next ~12 to 24 months. This implies the site could generate NZ\$2.6m of EBITDA or higher within a few years, which represents a post-tax return on acquisition price of ~12%.

Unoccupied apartments provide an opportunity to improve economics further

The true return on capital invested for RAD is likely to be significantly more favourable than 12%, given the potential to release capital by selling down the Karori site's 14 unoccupied serviced apartments via ORAs. Industry peer Summerset (SUM) recently reported average serviced apartment sales prices of ~NZ\$500k in main NZ centres, suggesting RAD could realise gross proceeds of up to ~NZ\$7m under a full sale scenario. This could reduce RAD's net capital invested to ~NZ\$6.6m and improve the effective return on invested capital to up to ~25%, all else equal. Any sales programme is likely to occur over a multi-year period if pursued.

Funding and deal structure

Given that the NZ\$13.6m acquisition price will be funded using core debt facilities, we expect RAD's current facility limits (NZ\$88m as at 1H26) could increase ahead of settlement in May. However, we also see scope for a post-settlement sale and leaseback, consistent with historical transactions and RAD's capital-light strategy.

Radius Residential Care Limited (RAD)

Market Data (NZ\$)						Spot valuation (NZ\$)					
Priced as at 01 Apr 2026					0.38	Peers comparable					0.58
52 week high / low					0.42 / 0.22	DCF					0.56
Market capitalisation (NZ\$m)					106.3	Dividend Discount Model (DDM)					0.46
Carbon and ESG (CESG)**						Key WACC assumptions					
CESG rating					n/a	Risk free rate					5.00%
CESG score					n/a	Equity beta					0.88
Sector average CESG score					n/a	WACC					9.5%
NZ average CESG score					n/a	Terminal growth					1.5%
Profit and Loss Account (NZ\$m)						Valuation Ratios					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
Revenue	171.2	177.4	207.2	226.2	232.6	EV/Sales (x)	1.9	1.7	1.5	1.4	1.3
Normalised EBITDA	29.6	32.3	40.8	45.9	49.5	EV/EBITDA (x)	10.6	9.2	7.4	6.7	6.2
Depreciation and amortisation	(9.9)	(10.4)	(11.6)	(11.6)	(12.7)	EV/EBIT (x)	16.5	13.6	9.9	8.7	8.2
Normalised EBIT	19.7	21.9	29.2	34.3	36.8	PE (x)	30.9	14.5	8.3	6.6	5.7
Net interest	(15.5)	(12.0)	(11.4)	(12.1)	(11.6)	Price/NTA (x)	2.3	2.1	1.7	1.3	1.1
Associate income	-	-	-	-	-	Free cash flow yield (%)	7.5	10.6	3.5	0.2	18.8
Tax	(12.1)	(3.1)	(4.9)	(6.0)	(6.6)	Adj. free cash flow yield (%)	8.3	11.0	11.1	18.6	22.9
Minority interests	-	-	-	-	-	Net dividend yield (%)	1.9	3.9	5.3	6.7	8.1
Normalised NPAT	3.5	7.4	12.8	16.2	18.6	Gross dividend yield (%)	2.6	5.4	7.4	9.3	11.3
Abnormals/other	(11.9)	0.0	1.3	1.2	0.8						
Reported NPAT	(8.5)	7.4	14.2	17.4	19.4	Capital Structure					
Normalised EPS (cps)	1.2	2.6	4.5	5.7	6.6	Interest cover EBIT (x)	1.2	1.8	2.7	2.9	3.2
DPS (cps)	0.7	1.5	2.0	2.5	3.1	Interest cover EBITDA (x)	1.9	2.7	3.6	3.8	4.3
						Net debt/ND+E (%)	54.4	50.0	45.5	43.5	35.5
						Net debt/EBITDA (x)	2.5	2.1	1.7	1.6	1.3
Growth Rates						Key Ratios					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
Revenue (%)	17.1	3.6	16.8	9.2	2.8	Return on assets (%)	5.7	6.5	8.4	9.1	9.3
EBITDA (%)	30.5	9.2	26.1	12.6	7.7	Return on equity (%)	5.6	10.8	15.6	16.6	16.4
EBIT (%)	>100	15.4	38.9	16.5	5.8	Return on funds employed (%)	0.9	1.9	3.1	3.5	3.9
Normalised NPAT (%)	>100	>100	74.4	26.3	14.8	EBITDA margin (%)	17.3	18.2	19.7	20.3	21.3
Normalised EPS (%)	>100	>100	75.3	26.3	14.8	EBIT margin (%)	11.1	12.4	14.7	15.7	16.2
Ordinary DPS (%)	0.0	>100	37.9	25.0	22.0	Capex to sales (%)	2.0	3.3	7.0	11.7	4.9
						Capex to depreciation (%)	-35	-57	-126	-228	-91
						Imputation (%)	100	100	100	100	100
						Pay-out ratio (%)	58	56	44	44	46
Cash Flow (NZ\$m)						Operating Performance					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
EBITDA	29.6	32.3	40.8	45.9	49.5	Segment EBITDA					
Working capital change	(3.7)	2.8	(2.5)	(0.4)	(0.9)	Aged care	42.7	46.2	56.1	61.5	64.6
Interest & tax paid	(14.0)	(13.1)	(16.4)	(18.1)	(18.2)	Retirement villages	4.5	2.9	4.2	4.7	5.5
Other	2.3	(1.9)	-	2.9	5.3	Support	-17.6	-16.7	-19.5	-20.3	-20.6
Operating cash flow	14.1	20.1	21.9	30.4	35.7	Total	29.6	32.4	40.8	45.9	49.5
Capital expenditure	(3.5)	(5.8)	(14.6)	(26.4)	(11.5)						
(Acquisitions)/divestments	-	(0.9)	-	-	-	Key drivers					
Other	(3.4)	(3.4)	(3.6)	(3.7)	(4.2)	Sales - new units	0	0	0	6	11
Funding available/(required)	7.3	9.8	3.7	0.3	20.0	Ave price - new sales (NZ 000's)	0	500	500	515	530
Dividends paid	-	(3.8)	(4.8)	(6.2)	(7.7)	Sales - resold units	28	18	19	21	22
Equity raised/(returned)	-	(0.0)	-	-	-	Ave price - re-sales (NZ 000's)	390	427	440	453	467
(Increase)/decrease in net debt	7.3	5.9	(1.1)	(6.0)	12.3	Gross development margin	0%	0%	5%	5%	10%
						Gross resales margin	16%	19%	19%	19%	19%
Balance Sheet (NZ\$m)						Portfolio					
	2024A	2025A	2026E	2027E	2028E		2024A	2025A	2026E	2027E	2028E
Working capital	(4.4)	(8.8)	(6.6)	(6.5)	(6.0)	Care beds	1,789	1,789	1,898	1,988	1,988
Fixed assets	117.3	118.2	126.6	146.7	150.9	Care bed occupancy	92%	93%	96%	97%	97%
Intangibles	16.1	18.1	18.1	18.1	18.1	Accommodation supplement beds	888	1,034	1,082	1,173	1,213
Right of use asset	109.9	109.5	117.7	112.5	107.1	% of beds with supplements	50%	58%	57%	59%	61%
Other assets	73.5	77.1	80.4	83.9	87.6						
Total funds employed	312.4	314.1	336.2	354.6	357.7						
Net debt/(cash)	73.5	67.7	68.8	74.8	62.5						
Lease liability	121.1	122.7	132.7	129.0	124.8						
Other liabilities	46.7	47.7	44.0	45.2	48.7						
Shareholder's funds	71.1	76.0	90.6	105.6	121.8						
Minority interests	-	-	-	-	-						
Total funding sources	312.4	314.1	336.2	354.6	357.7						

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend** Information on Forsyth Barr's Carbon and ESG (CESG) ratings can be found at www.forsythbarr.co.nz/corporate-news-events/cesg-report

Karori Village care home

Karori Village is a 90-bed, 14-apartment care home located at 29 Messines Road, Karori, Wellington, providing 24/7 hospital-level and specialist dementia care. The facility is currently owned and operated by Metlifecare and is centrally located in Karori, one of Wellington’s largest, oldest, and most prestigious suburbs, with a median income materially above the national average (~NZ\$58.3k versus ~NZ\$41.5k at the 2023 Census). The village has a strong presence and reputation within the local community, with origins dating back to 1898 when the Anglican Diocese of Wellington founded it.

Figure 1. Karori Village care home



Source: Property Guru, Forsyth Barr analysis

Figure 2. Karori Village care home



Source: Village Guide, Forsyth Barr analysis

Figure 3. RAD historical acquisition cost per bed

Care facility	Year	Care beds	Consideration paid (NZ\$m)	Cost per care bed (NZ\$m)
Taupaki Gardens, Winsdor Court, Elloughton Gardens & Hetherlea	2021	276	31.4	0.11
St Joans, Peppertree, Fulton & Arran Court	2022	342	46.7	0.14
St Allis	2025	109	14.7	0.13
Karori Village	2026	90	13.6	0.15

Source: Forsyth Barr analysis

Earnings revisions

We revise our estimates to reflect the earnings uplift attributable to the 90 beds acquired, assuming Karori Village care home reaches ~NZ\$33k EBITDAR per bed by FY28. We additionally incorporate NZ\$13.6m of debt funding in FY27. Our NPAT estimates lift +5%/+3% for FY27/FY28 respectively.

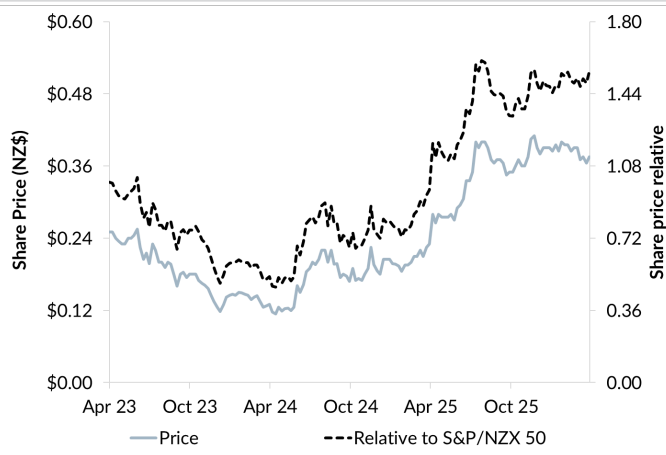
Figure 4. Earnings revisions (NZ\$m)

NZ\$m	FY25		FY26		FY27			FY28		
	Actual	Old	New	Change	Old	New	Change	Old	New	Change
Total revenue and other income	180.7	210.5	210.5	+0%	220.1	229.8	+4%	226.7	236.6	+4%
Employee costs	(106.3)	(122.7)	(122.7)	+0%	(125.7)	(131.4)	+5%	(128.5)	(133.9)	+4%
Depreciation expense	(10.4)	(11.6)	(11.6)	+0%	(11.6)	(11.6)	+0%	(11.9)	(12.7)	+6%
Finance costs	(12.2)	(11.5)	(11.5)	+0%	(11.7)	(12.2)	+4%	(11.0)	(11.9)	+8%
Loss on revaluation of land and buildings	-	-	-	n/a	-	-	n/a	-	-	n/a
Other expenses	(41.3)	(45.6)	(45.6)	+0%	(48.9)	(51.1)	+5%	(50.0)	(52.1)	+4%
Total expenses	(170.2)	(191.4)	(191.4)	+0%	(197.9)	(206.3)	+4%	(201.4)	(210.5)	+5%
Profit (loss) before income tax	10.5	19.1	19.1	+0%	22.3	23.5	+5%	25.3	26.0	+3%
Income tax expense	(3.1)	(4.9)	(4.9)	+0%	(5.7)	(6.0)	+6%	(6.4)	(6.6)	+3%
Profit for the period (NPAT)	7.4	14.2	14.2	+0%	16.6	17.4	+5%	18.9	19.4	+3%
Basic and diluted eps (cents per share)	2.6	5.0	5.0	+0%	5.9	6.2	+5%	6.7	6.9	+3%

Source: Forsyth Barr analysis

Additional data

Figure 5. Share price performance



Source: LSEG, Forsyth Barr analysis

Figure 6. Substantial shareholders

Shareholder	Latest Holding
Kade Kings Limited	33.3%
Neil John Foster	5.5%

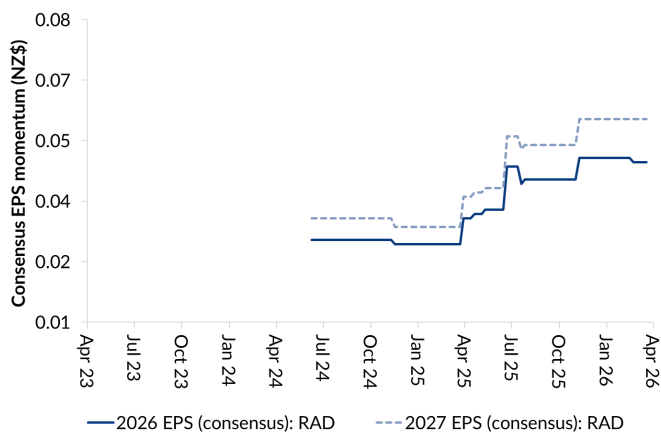
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 7. International valuation comparisons using consensus data (one- and two-year forward)

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld 1yr
				1yr	2yr	1yr	2yr	1yr	2yr	
Radius Residential Care	RAD NZ	NZ\$0.38	NZ\$106	6.6x	6.5x	10.2x	9.6x	13.9x	13x	6.1%
Oceania Healthcare	OCA NZ	NZ\$0.70	NZ\$507	8.9x	8.3x	10.8x	11.1x	11.9x	12.8x	0.4%
Ryman Healthcare	RYM NZ	NZ\$2.07	NZ\$2,103	21.3x	15.3x	15.7x	12.3x	24.2x	20.1x	0.3%
Summerset	SUM NZ	NZ\$8.91	NZ\$2,175	7.7x	6.8x	10.9x	10.9x	12.5x	11.3x	3.0%

Source: Forsyth Barr analysis, Bloomberg. NOTE: all multiples based on Bloomberg consensus estimates. EV = market cap + net debt + lease liabilities + min interests - investments

Figure 8. Consensus EPS momentum (NZ\$)



Source: Bloomberg, Forsyth Barr analysis

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