



MACARTHUR
NATIONAL
LIMITED

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Dear Shareholder,

FY22 Quarter 2 update

During the quarter Macarthur continued its journey to establish itself as a social infrastructure company in Australia;

Long Day Care business

- 1) **Grew** the Montessori Beginnings long day care business to the highest weekly child enrolments since the business was established in 2018. Designated as an essential service the business has remained open and profitable for the duration of the covid-19 restrictions.
- 2) **Took control** of an established 103 place long day care business in Geelong, Victoria. This service in conjunction with the Montessori Beginnings long day care business platform increased the number of long day care businesses operated by the Company to 8. The acquisition will be funded from cash reserves and upon completion in early 2022 the service will contribute to the profitability of Macarthur Montessori Beginnings childcare platform.
- 3) **Entered** into a contract to acquire a former restaurant and function centre located in Lilydale in metro Melbourne. The existing building will be retained, refurbished and extended in the medium term to become home to a new Montessori Beginnings long day care service. The acquisition will be funded from cash reserves and debt.



Long day care centre expansion site: Lilydale at acquisition at Dec-21



- 4) **Continued** refurbishment and expansion works on the Macarthur owned Swan Hill childcare centre re-development. Works are scheduled to complete in FY2022 re-establishing a new 72 place long day care centre in the heart of the Swan Hill township. These works on completion will give rise to a valuation uplift of the property over cost and generate long term rental and business income for the Company through operating the centre under the Montessori Beginnings brand.

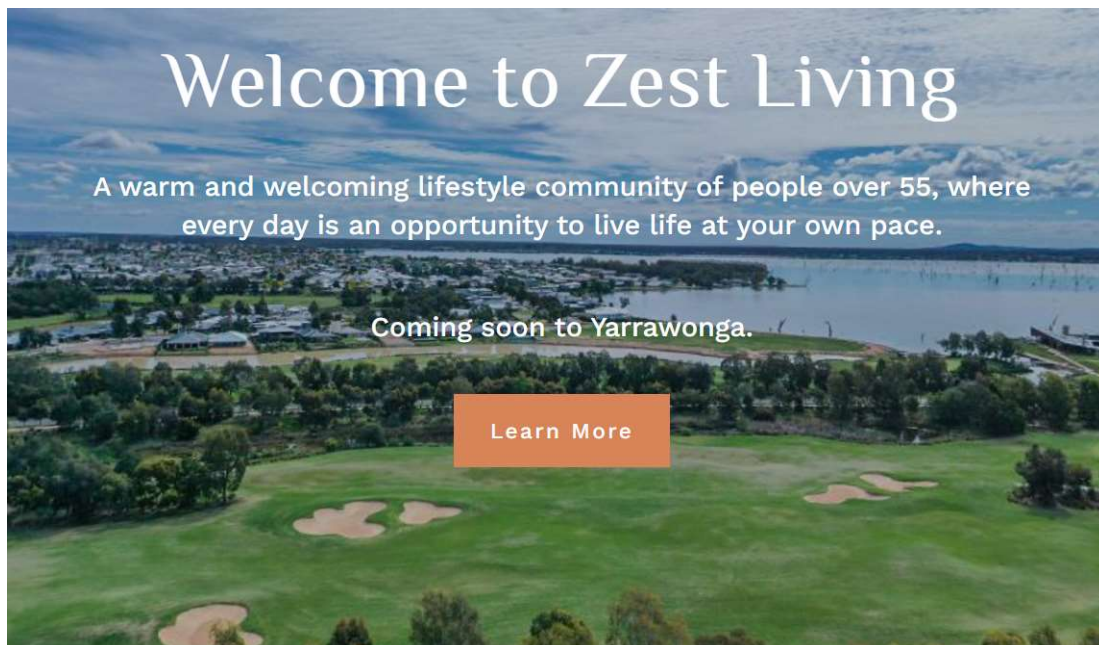


Long day care centre expansion site: Swan Hill at Dec-21



Land lease communities

- 5) **Commenced** the market awareness and marketing campaign to introduce and educate prospective residents on the Zest Living Yarrowonga community in late 2021. The acquisition of Zest Living will be completed in FY22 and funded via equity.



Macarthur's future

As a result of the acquisitions and establishment of Macarthur's management team in 2021, Directors believe the Company now has a platform to expand its operations significantly. Since Macarthur acquired Montessori Beginnings long day care business platform Macarthur has grown existing operations and services operated to 8 at the end of 2021. The Company intends to continue grow the value and number of Montessori centres it owns in a steady and meaningful way.



In addition, Macarthur intends to continue its program to fully activate its lifestyle division through the development of its Land Lease community asset in Yarrawonga, trading under the brand name ZEST Living. This business compliments the company's asset mix and further marks Macarthur's entry as a social infrastructure owner operator. This combination of assets will allow Macarthur to capitalize on expected long term growth in both the childcare industry and new opportunities in the ever-expanding retirement living sector. Australia' projected population growth to over 35 million by 2050 and other relevant demographics at opposite ends of the age spectrum support the value proposition and growth plans.

To support its establishment as a social infrastructure company and recent acquisitions Macarthur undertook a placement to institutional shareholders and raised \$2.55 million in late 2021. In conjunction with the placement Macarthur is preparing a prospectus to be provided to shareholders in FY22 which will provide existing shareholders the opportunity to subscribe for further investment in Macarthur through a rights issue and top up offer. Funds raised under the prospectus will be utilised to fund Macarthur growth opportunities.

Please do not hesitate to contact me if you have any queries.

Yours faithfully
Macarthur National Ltd

Henry Townsing
Chairman

