MACARTHUR NATIONAL LTD

REPLACEMENT PROSPECTUS

The Offers made under this Prospectus are partially underwritten by Land Real Pty Ltd.

IMPORTANT INFORMATION:
This is an important document and it should be read in its entirety. If after reading this Prospectus, you do not fully understand it or the rights attaching to the Shares offered by it, you should consult an accountant, solicitor or other professional adviser for assistance. The Shares offered by this Prospectus should be considered speculative.

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1. IMPORTANT NOTICE

Offers

The Offers contained in this replacement Prospectus are invitations to acquire fully paid ordinary shares (**Shares**) in Macarthur National Ltd ACN 633 180 346 (**Macarthur, MNL** or **Company**). This Prospectus is issued by the Company.

Lodgement

This Prospectus is dated 15 July 2022 (**Prospectus Date**). This Prospectus replaces the Original Prospectus dated 8 July 2022 relating to the Shares of the Company. A copy of the Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on the same day.

None of ASIC or their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus expires on the date which is 13 months after the Prospectus Date. No securities will be issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

Overview of the material changes from the Original Prospectus

This Prospectus has been issued to provide disclosure in relation to the following matters, which are the material changes from the Original Prospectus (and to make consequential amendments):

- further disclosure providing additional information with respect to related parties and substantial holders;
- further disclosure regarding the Company's proposed allocation policy under the Offers;
- further disclosures regarding the Company's statements regarding the expenditure program; and
- further disclosures regarding certain risks associated with the operations of the business.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. You should carefully consider this Prospectus in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

Some of the risk factors that should be considered by prospective investors are set out in Section 8. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or its Directors.

The Company is not proposing to have its Shares quoted on the Official List of the Australian Securities Exchange (**ASX**) or any other exchange in conjunction with making the Offers in this Prospectus.

No Cooling-Off Rights

Cooling-off rights do not apply to an investment in Shares acquired under this Prospectus. This means that, in most circumstances, you cannot withdraw your application to acquire Shares under this Prospectus once it has been accepted.

Exposure period

In accordance with Chapter 6D of the Corporations Act, the Original Prospectus was subject to an exposure period of seven days from the date of lodgement of the Original Prospectus with ASIC. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporation Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period and receive no preference.

Obtaining a copy of this Prospectus

The Offers constituted by this Prospectus in electronic form at https://macarthurnational.com.au are available only to persons within Australia or certain persons in jurisdictions authorised by the Company.

Subject to the foregoing, it is not available to persons in other jurisdictions (including the United States of America). Persons having received a copy of this Prospectus in its electronic form may, before each Offer close, obtain a paper copy of this Prospectus (free of charge) by telephoning the Share Registry on 1300 55 66 35 within Australia. If you are eligible to participate in an Offer and are calling from outside Australia, you should call +61 3 9909 9909.

Applications for Shares under a relevant Offer may only be made on an application form attached to or accompanying this Prospectus, or via the relevant electronic application form attached to the electronic version of this Prospectus (**Application Form**) available at https://macarthurnational.com.au. The Corporations Act prohibits any person from passing the Application Form onto another person unless it is attached to a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. Refer to Section 10 for further information on the details of each Offer.

Industry and market data

Any industry and market data used throughout this Prospectus is, in most cases, obtained from surveys and studies conducted by third parties and industry or general publications. The Company considers that this information provides an independent insight into this market and has no reason to believe that this information is unreliable.

Photographs and diagrams

Any photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company or its Subsidiaries. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

Company website

Any references to documents included on the Company's website at https://macarthurnational.com.au are for convenience only, and none of the documents or other information available on the Company's website is incorporated herein by reference.

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary in Section 14 or as defined in the body of this Prospectus.

Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne, Australia time.

Disclaimer

Except as required by law, and only to the extent so required, neither the Company, the Underwriter nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

Applicants should carefully consider the risk factors that affect the Company specifically and the industry in which it proposes to operate. Applicants should understand that an investment in the Company is both speculative and subject to a wide range of risks and that, even if the Company successfully demonstrates the feasibility of its business model, it is possible that Applicants may lose the entire value of their investment.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or each Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Prospectus has been prepared to conform to the securities laws in Australia.

This Prospectus may not be distributed to, or relied upon by, any person in the United States. In particular, the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States unless the Shares are registered under the U.S. Securities Act, or are offered or sold in a transaction exempt from, or not subject to the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws is available.

Important notice to Hong Kong investors

This document has not been, and will not be, registered as a Prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offers. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Important notice to New Zealand investors

No offer of Shares is being made in New Zealand. The Company is not relying on the Australia New Zealand mutual recognition regime as set out in the New Zealand Financial Markets Conduct Act 2013 and the New Zealand Financial Markets Conduct Regulations 2014.

This Prospectus has not been lodged with the New Zealand Companies Office (NZCO) and/or the New Zealand Financial Markets Authority (FMA), and there is no intention to do so.

Important notice to Malaysian investors

No offer of Shares is being made in Malaysia. This Prospectus has not been lodged with the Securities Commission Malaysia or any other Malaysian authority and does not comply with the Malaysian Capital Markets and Services Act, or any other applicable legislation.

Privacy

By filling out the Application Form to apply for New Shares, you are providing personal information to the Company through the Share Registry, which is contracted by the Company to manage applications. The Company and the Share Registry on their behalf, may collect, hold, use and disclose that personal information for the purpose of processing your Application, servicing your needs as a Shareholder, providing facilities and services that you need or request and carrying out appropriate administration. If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application. Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of interest to you.

Your personal information may also be provided to the Company's agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are as follows:

- the Share Registry for ongoing administration of the register of members;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Company will include information about the Shareholder (including name, address and details of the Shares held) in its public register of members. The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments, corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to their personal information that the Company and the Share Registry hold about that person, subject to certain exemptions under law.

A fee may be charged for access. Access requests must be made in writing or by a telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory section page of this Prospectus. Applicants can obtain a copy of the Company's privacy policy by visiting the Company's website, https://macarthurnational.com.au.

By submitting an Application, you agree that the Company and the Share Registry may communicate with you in electronic form or contact you by telephone in relation to each Offer.

Key offer information

Macarthur National Ltd is seeking to raise $10,625,000 by way of:

a. a non-renounceable pro-rata rights issue to Shareholders of up to 21,637,572 New Shares on the basis of 4 New Shares for every 1 Share held at the Record Date (being 15 September 2021) (**Record Date**) at an Offer Price of $0.20 each to raise approximately $4,327,514 before costs (**Entitlement Offer**) $1,000,000 of which is underwritten;

b. a placement of up to 34,750,000 New Shares at an issue price of $0.20 to raise $6,950,000, less the amount raised under the Entitlement Offer before costs (**Placement Offer**); and

c. an offer to Shareholders who hold a parcel of Shares with a value of less than $5,000 at the Record Date, being an offer of up to 18,375,000 New Shares to raise up to $3,675,000 (**Top Up Offer**),

(together, the **Offers**).

Following the completion of the Offers the shareholding structure in the Company will be as follows:

Item	Details
Market capitalisation as at the Prospectus Date	$32,539,052
Amount to be raised under this Prospectus	Up to $10,625,000
Indicative Market Capitalisation on Completion[1]	**$43,164,052**

Notes:

1. *Assuming the Entitlement Offer and Top Up Offer are fully subscribed.*

Key details

Shares issued[1]	Number of Shares	Value ($0.20 per Share)	% of Shares on issue
As at Prospectus Date	162,695,260	$32,539,052	75.4% to 97.0%
Existing Shareholder Entitlement Offer	5,000,000 to 21,637,572	$1,000,000 to $4,327,514	3.0% to 10.0%
Existing Shareholder Top Up Offer	0 to 18,375,000	$0 to $3,675,000	0% to 8.5%
New Shareholder Placement Offer	0 to 13,112,428	$0 to $2,622,486	0% to 6.1%
Total	**167,695,260 to 215,820,260**	**$33,539,052 to $43,164,052**	**100%**

Notes:

1. *The range provided contemplates two scenarios: (1) where only the underwritten amount of the Offer is taken up; and (2) where each of the Offers are accepted in full.*

Important dates[1]

Particulars	Date
Prospectus lodged with ASIC	15 July 2022
Offer Open	18 July 2022
Offer Close	12 August 2022
Settlement of the Placement, Entitlement Offer and Top Up Offer	19 August 2022
Record Date	15 September 2021
Completion of Offers	22 August 2022

Notes:

1. *This timetable is indicative only. Unless otherwise indicated, all times given are AEDT. The Company reserves the right to vary any and all of the above dates without notice (including, subject to the Corporations Act, to close each Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw each Offer before Completion, in each case without notifying any recipient of this Prospectus or Applicants). If an Offer is cancelled or withdrawn before Completion, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after an Offer opens.*

Chair's letter

On behalf of the Board of Macarthur National Ltd, it is my pleasure to present this Prospectus and invite existing Shareholders to increase their shareholding in the Company and new investors to become a Shareholder of the Company as it enters a growth phase in the emerging Social Infrastructure sector.

Acquisitions in the Long Day Care and Land Lease Community sectors approved by Shareholders in exchange for Shares in Macarthur (see Schedule 1 for details) have resulted in the Company increasing its net assets by more than $30m. Further growth plans will be funded by the capital raised from the recently completed placement of approximately $3 million and the Offers made under this Prospectus. As a result of these Acquisitions and the establishment of the Macarthur management team, the Company believes it now has a platform to expand its operations significantly.

Macarthur currently owns and operates 8 Long Day Care centres primarily operating under the 'Montessori Beginnings' brand (see section 4 for details). The Company intends to continue to grow the value and number of Long Day Care businesses it owns and operates in a steady and meaningful way.

In addition, Macarthur has fully activated its lifestyle division by undertaking the development of a Land Lease Community asset in Yarrawonga, trading under the brand name 'ZEST Living' and a new community site in Fyansford (see section 4 for details).

The Zest business complements the Company's asset mix and further marks Macarthur's entry as a Social Infrastructure owner operator. This combination of assets allows Macarthur to capitalise on expected long term growth in both the childcare industry and new opportunities in the ever-expanding retirement living/lifestyle sector. Australia's projected population growth to over 35 million by 2050 and other relevant demographics at opposite ends of the age spectrum support Macarthur's value proposition and growth plans.

Details of Macarthur's 'Montessori Beginnings' operations and plans for the ZEST Living business are contained in this Prospectus.

Existing and potential Shareholders are invited to consider the attraction of this asset mix. The underlying value of Share ownership is underpinned by core real estate specific in nature and use and supported by rental and business income derived from each business division. The childcare and retirement living/lifestyle sectors in Australia are each independently recognised as stable and growing. Macarthur believes both of these sectors will continue to benefit because of positive underlying structural trends.

An investment in Macarthur involves several risks, including risks associated with investing in an early-stage company; the real estate market; leases, tenancies and key revenue streams from these tenancies; regulatory changes and key persons associated with the business of Macarthur. A key risks summary is identified in Section 2.3 in this Prospectus and further outlined in Section 8.

This Prospectus includes detailed information about the Offers to existing and potential Shareholders, as well as the financial position, operations, management team, and other details that may be relevant when assessing an investment in the Company. I encourage you to read this Prospectus carefully and in its entirety before making your investment decision and, if required, consult with your stockbroker, solicitor, accountant or other independent professional adviser.

On behalf of the Board, I present the Offers to you for your consideration.

Yours sincerely,

Henry Townsing Sr
Chair

2. INVESTMENT OVERVIEW

2.1 Overview of Macarthur

Topic	Summary	Further information
Who is the issuer of this Prospectus?	Macarthur National Ltd ACN 633 180 346, an Australian unlisted public company.	Section 3.1
What are Macarthur's business objectives and strategy?	a. To increase, in quantum and value, a combined portfolio of Social Infrastructure assets. b. To develop, own and operate Long Day Care facilities and businesses. c. To develop, own and operate Land Lease Community housing projects.	Sections 3.2, 3.4 and 3.6
How will Macarthur generate revenue?	Macarthur's primary sources of revenue will be: a. revenue from Macarthur's Montessori Beginnings Long Day Care centre businesses; and b. sales proceeds and rental income from Macarthur's ZEST Living Land Lease Community housing projects.	Section 3.3
What is Macarthur's dividend policy?	The payment of dividends by the Company is at the complete discretion of the Directors. Given the stage of development of MNL, the Directors have no current intention to declare and pay a dividend. It is the Company's intention that ultimately, any surplus funds generated from net assets not required to fund Macarthur's operations and growth plans be returned to Shareholders as dividends. Macarthur cannot guarantee dividends will be paid at regular intervals, or at all, as this will depend on Macarthur's fiscal position, growth plans and prevailing economic conditions.	Section 7.8
What is the key financial information of the Company	Refer to table 7.12 which sets out the Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 31 December 2021.	Section 7.5
Where can I find financial information in relation to the Company?	See Section 7 and the Investigating Accountant's Report in Section 11.	Section 7 & 11

2.2 Key strengths

Topic	Summary	Further information
What are Macarthur's key investment highlights?	The Directors believe that an investment in Macarthur provides the following key attributes: **a. Exposure to a portfolio of stable Social Infrastructure assets identified by the following asset mix** i. Long Day Care centres owned and operated under the brand name 'Montessori Beginnings'; and ii. Land Lease Community housing projects operating under the brand name 'ZEST Living'. **b. Each business division benefits from long-term bi-partisan government support** The childcare industry and retirement sector respectively benefit from either subsidies or pensions to qualifying persons underlining their importance as part of the modern Australian way of life. **c. Favourable industry dynamics** i. changing social dynamics and Australian Bureau of Statistics demographic population data point to the potential for growth in each of Macarthur's business divisions; ii. a rising understanding of the benefits of early education in settings that help employers and families better address the challenges of work and family life is continuing to drive growing demand for early learning services; and iii. Australia is experiencing an increased demand for Land Lease Community housing services, principally brought about by working, semi-retired and retired people wishing to utilise the equity in their homes. This demand is expected to increase in the future. **d. The value of Share ownership is underpinned by core real estate** Land use is specific in its designation and utility and governed by strict regulatory and operational approvals creating barriers to entry. **e. Macarthur's attractive asset mix provides diversification at opposite ends of the age spectrum with associated stability** The underlying value of Share ownership is underpinned by core real estate specific in nature and use and supported by rental and business income derived from each business division. **f. Portfolio growth opportunities** The Social Infrastructure sector continues to grow, and the Directors believe this is likely to lead to a greater number of opportunities for Macarthur. **g. Experienced manager** Macarthur's executive management team has extensive experience in the Social Infrastructure and property sector. The aim is to deliver value accretion to Shareholders over the medium to long term.	Sections 3.1, 3.5, 3.7, 5.5, 6.2, and 9.1

2.3 Key risks

Topic	Summary	Further information
Acquisition risk	Macarthur acquired a series of assets as part of its business plan to increase its presence in the Social Infrastructure industry. Macarthur endeavours to undertake all commercially appropriate due diligence enquiries to ensure the features of the assets it has acquired, or proposes to acquire, align with Macarthur's broader objectives. However, it cannot be guaranteed that Macarthur (and/or its advisors) will always identify all material risks associated with a particular asset. Alternatively, circumstances may change post-acquisition which could have adverse effects. A failure to properly identify risks of this nature may result in Macarthur acquiring assets that perform below expectations, which could have a materially negative effect on Macarthur's business, its financial performance and the value of its Shares.	Section 8.2(a)
Key persons risk	Macarthur's business strategy will be implemented by the Board. It is anticipated that this will provide the Company with an exposure to an extensive network of relationships within the real estate industry. The loss of key personnel, or any delay in their replacement could negatively impact the Company's financial position and performance.	Section 8.2(b)
Regulatory risks	Early education in Australia is governed by the regulatory framework set out in Section 5.6 of this Prospectus. Changes in the regulatory framework governing early childcare and early childhood education may have an adverse impact on the profitability of Macarthur, its financial performance and its ability to pay dividends. Similarly, any failure to comply with, or any significant changes to, the provisions of the regulatory regime governing Land Lease Communities set out in Section 6.3 could impact on the profitability of Zest Living, the Fyansford Development and Macarthur, its financial performance, reputation and/or growth strategy.	Section 8.2(c)
Early stage risk	Macarthur is at an early stage in the development of its business model, and operates primarily in the early learning and childcare industry. As a result, investing in Macarthur may be considered speculative.	Section 8.2(d)
Sufficiency of funding risk	Macarthur may need to raise additional funds from time to time to finance its operations. If Macarthur is unable to secure funding or meet its existing obligations due to circumstances out of its control, such circumstances may be damaging to Macarthur's business, financial performance, reputation and/or the value of the Shares.	Section 8.2(e)

Topic	Summary	Further information
Real estate market risk	Specific factors which may impact on asset values and future earnings include the following: a. environmental issues and changes to government regulations relating to real estate; b. any failure to deliver on or to effectively execute the business strategy or a failure to redefine the strategy to meet changing market conditions; c. an increase in capitalisation rates considered appropriate by professional valuers in response to changed market conditions; d. changes in the conditions of local and state government consents and/or authorisations applicable to the Company's projects as a consequence of the unpredictable nature of government policy; e. variances in the cost of development as a consequence of the imposition of levies by state and local government agencies; f. a failure of a significant portion of purchasers to settle on development projects; g. the activities of resident action groups; and h. land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid.	Section 8.2(f)
Lease risk	Businesses owned and operated by Macarthur rely upon leases of premises specifically developed to accommodate Long Day Care centres. Adverse events in relation to these lease arrangements (for example, lease disputes or damage to the subject properties) could harm the viability of these businesses.	Section 8.2(g)
Staff misconduct risk	Although Macarthur's internal controls and processes have resulted in minimal incidents of staff misconduct, there is some risk that Macarthur's staff may engage in misconduct, which could harm Macarthur's business.	Section 8.2(h)
Insurance risk	If the Company is unable to obtain adequate insurance coverage at reasonable rates, which covers any and all potential claims, this may materially adversely impact on the Company's business, operations and financial performance.	Section 8.2(i)
Competition risk	The Long Day Care and Land Lease Community housing industries are relatively competitive. Macarthur's business, operations and financial performance may be adversely impacted by changes by domestic and international competitors.	Section 8.2(j)
Reputational risk	If the Company suffers damage to its reputation, this could have an equally damaging effect on its brand and profitability. This may result from any failure to maintain quality services or failing to comply with regulations or accepted business practices. This will likely have an adverse effect on revenue margins, profitability and the Company's operations.	Section 8.2(k)
Industrial relations, workplace health and safety risk	The Group and its subsidiaries employ a large number of employees across its business, a number of whom are covered by workplace awards that govern their employment entitlements. Accordingly, if Macarthur violates award conditions or any of the health and safety laws it is regulated by, there is a risk that penalties and other liabilities incurred could harm Macarthur's reputation and its revenue, profitability and growth.	Section 8.2(l)

Topic	Summary	Further information
COVID-19	COVID-19 and the restrictions on the operation of childcare centres imposed by the Federal and Victorian governments have resulted in some interruption to the Group's operations. Due to the ongoing and unpredictable nature of the COVID-19 pandemic, the Group and its subsidiaries may experience further interruption. Such an interruption may materially adversely impact the Group's business operations, profitability and financial performance.	Section 8.2(n)
Computer systems	Macarthur's IT system uses and relies on integration with third party systems and platforms. Accordingly, any major disruption could harm the Company's ability to properly service its customers and operate its business, which could be detrimental to the Company's financial position, performance and reputation.	Section 8.2(o)
Trademarks	Macarthur does not have registered trademarks for its branding and logos used as part of its business. If a third party were to challenge Macarthur's rights to use its branding, this could harm Macarthur's business and financial position.	Section 8.2(p)
General risks	Other risks of the Company include (without limitation): a. no market for shares; b. further shareholder dilution; c. general economic conditions; d. taxation laws and their interpretation; e. Australian Accounting Standards and their interpretation; f. possibility of force majeure events; and g. possibility of litigation.	Section 8.3

2.4 Directors and key management

Topic	Summary	Further information
Who are the Directors and key managers of the Company?	Summaries of the background and experience of each of the Directors is set out below. **Henry Townsing Sr — Non-executive Director** **Qualifications** Associate Diploma of Valuation **Experience** Mr Townsing brings over 35 years' experience in investment management across real estate, private equity investment in early stage companies and corporate finance. His real estate career has spanned residential and commercial real estate sectors. His recent residential real estate experience has focussed on the creation and development of larger scale inner city ring high rise apartments, and new residential communities centred on subdivision and construction of quality medium density dwellings in urban in-fill sites. He is Chairman of Vita Life Sciences, a company listed on the ASX. **Dr Les Fitzgerald — Non-executive Director** **Qualifications** RN., RM., Dip Teach Nurs., BEd., MNursStud., PhD. **Experience** Dr Fitzgerald has over 38 years of education experience in the higher education and health sectors. He has extensive experience in curriculum design and development of undergraduate and postgraduate courses and their professional accreditation and qualification. In a senior leadership role, he has implemented online learning, inquiry based learning, clinical practice simulation and flexible learning models throughout major metropolitan and regional hospitals. Currently he leads the development and implementation of a Montessori based education curriculum for early childhood learning and a training program for staff. He is an accomplished writer and national and international speaker with 30 peer-reviewed publications, book chapters and papers to his name. **Dennis Wilkie — Non-executive Director** **Qualifications** MBA. **Experience** Mr Wilkie has extensive experience in local and international capital markets gained during a business career spanning more than 35 years. He possesses a broad range of expertise across many industries, including private equity, property, financing, and renewable energy. He has consistently engaged with entrepreneurs and managers and investors to develop and fund early stage growth companies. He has specific experience in capital raising for large scale renewable energy infrastructure projects such as ethanol and hydro power generation locally and abroad. He is a co-founder and current CEO of HydroFiji.	Section 9.1

Topic	Summary	Further information
	As a longstanding and early stage director of software company Tiny MCE, he played a role to guide its early growth and ultimate successful transition from Australia to Silicon Valley, USA. He has a keen interest in socially responsible investment and broadening lifestyle living options for retiring Australians. **Henry Townsing Jr — Chief Executive Officer** **Qualifications** BComm, ICAA. **Experience** Mr Townsing Jr has broad experience in the Social Infrastructure sectors in which Macarthur operates. He is experienced in early childhood education and care centre operations, new centre property development and management having led the establishment and build out of the 'Montessori Beginnings' business since inception. He possesses a strong knowledge of capital markets, beginning his career as a stockbroker and has worked in New York with a major global finance corporation. He has over 10 years' practical experience of accounting and business evaluation and has overseen Zest Living since its maiden investment in the Yarrawonga Project. **Surinder Sidhu — Chief Financial Officer** **Qualifications** B.Bus (Acctg), Master of Applied Valuation & Investment, CPA **Experience** Mr Sidhu is a seasoned financier with over 20 years experience in the Australian and UK markets. He was a London based asset manager overseeing a large portfolio of European assets where he was closely involved with operational and strategic management, debt funding and restructuring. His experience also spans across a broad range of industries having concluded leverage and acquisition finance transactions and restructuring mandates across many different jurisdictions. **Richard Barton —Company Secretary** **Qualifications** B. Arch, LLB. **Experience** Mr Barton's career spans around 20 years as a practising architect and 21 as a practising lawyer. During the latter he was the lawyer and company secretary for the Australian Institute of Architects and its subsidiaries for more than 16 years, and over the last 5 years has been the company secretary of various private companies, and of Macarthur and subsidiaries.	Section 9.1

2.5 Significant interests of key people and stakeholders

Topic	Summary	Further information
What will be the capital structure of the Company following Completion?	As at the Prospectus Date, the Company has 162,695,260 Shares on issue. Macarthur's expected market capitalisation based on $0.20 per Share following Completion of the Entitlement Offer, Top Up Offer and Placement Offer is set out below.	'Key offer information', page 9 Sections 13.4(d) and 13.4(e) For more information on the Acquisition Vendors, please refer to Schedule 3

Shares issued[1]	Number of Shares	Value ($0.20 per Share)	% of Shares on issue
As at Prospectus Date	162,695,260	$32,539,052	75.4% to 97.0%
Existing Shareholder Entitlement Offer	5,000,000 to 21,637,572	$1,000,000 to $4,327,514.40	3.0% to 10.0%
Existing Shareholder Top Up Offer	0 to 18,375,000	$0 to $3,675,000	0% to 8.5%
New Shareholder Placement Offer	0 to 13,112,428	$0 to $2,622,485.60	0% to 6.1%
Total	**167,695,260 to 215,820,260**	**$33,539,052 to $43,164,052**	**100%**

Notes:

1. *The range provided contemplates two scenarios: (1) where only the underwritten amount of the Offer is taken up; and (2) where each of the Offers are accepted in full.*

After Completion, the Company's fully diluted share capital will be held in the amounts as set out in the 'Key details' Section on page 9 of this Prospectus.

The Shareholders of the Company as at the Record Date held the entire share capital of the Company. As at the date of the Prospectus, the aggregate shareholding of those Shareholders is approximately 3.3%.

The Entitlement Offer and Top Up Offer (if all Offers are fully subscribed) would increase the shareholding of the Shareholders at the Record Date to approximately 21.0%. If the Shareholders of the Company as at the Record Date do not accept any of the Entitlement Offer and Top Up Offer, their aggregate shareholding would dilute to 3.2% if only the underwritten amount is subscribed, or 3.0% if the underwritten amount and the all of the Placement Offer is subscribed.

Any new Shareholders under the Placement Offer (if all Offers are fully subscribed), would, as a group, hold approximately 6.1% of the total shares in the capital of the Company.

Shareholders should note that, for the purposes of this Prospectus, the Company has taken the conservative approach of assuming that all of the Acquisition Vendors are 'associates' for the purposes of section 606 of the Corporation Act.

Generally, the control implications arising from the Offers are as follows:

(a) the voting power of the Acquisition Vendors and their associates will be approximately 63.5%, the Acquisition Vendors will have the power to approve an ordinary resolution of Shareholders (assuming that all of the Offers are fully subscribed, and noting that the Acquisition Vendors will not participate in any of the Offers); and

(b) the voting power of the Acquisition Vendors and their associates will be approximately 82%, and the Acquisition Vendors will have the power to approve an ordinary resolution or a Special Resolution (assuming that only the underwritten amount of $1,000,000 is subscribed, and noting that the Acquisition Vendors will not participate in any of the Offers).

Topic	Summary	Further information
Are there any significant interests or benefits payable to Directors and senior management or other related parties following Completion?	The relevant interests held by Directors and senior management connected with the Company following Completion are as follows:	Sections 9.2-9.6

Parties with Relevant Interest and Voting power[1]	Number of securities	Voting Power (%)
Dr Les Fitzgerald[2]	400,000 Shares	Less than 1%
Dennis Wilkie	25,160 Shares	Less than 1%
Henry Townsing Jr	6,000,000 Performance Options (refer to Section 9.6(b) for details)	n/a
TOTAL	**425,160 securities**	**Less than 1%**

Notes:

1. *With regard to the voting power of each related party, this assumes the Company:*
    - *a. will have on issue 167,695,260 to 215,820,260 Shares as at Completion.*
    - *b. does not issue any Shares or Options, other than as contemplated by this Prospectus; and*
    - *c. Voting power is on the basis that the underwritten amount only is taken up under the Offers.*
2. *Includes shares held by Lynette Fitzgerald, Dr Fitzgerald's wife.*

Relevant interests of Macarthur's CEO and Non-Executive Director

In addition to the equity interests set out above, Henry Townsing Sr (Non-Executive Director of Macarthur), Henry Townsing Jr (CEO of Macarthur) and certain related parties of Henry Townsing Sr and Henry Townsing Jr, have various interests (either direct or indirect) in Macarthur as a result of the Acquisitions.

Schedule 2

Party	Total Relevant Interests in Shares of the Company as a result of the Acquisitions	Relevant Interests in the vendors of assets and businesses acquired as part of the Acquisitions
Henry Townsing Sr (Individual only)	30.2% to 38.8%[1]	For information relating to Henry Townsing Sr's interest in each vendor, please refer to Schedule 2.
Henry Townsing Jr (Individual only)	3.9% to 5.1%[1]	For information relating to Henry Townsing Jr's interest in each, please refer to Schedule 2.
Aggregate total Relevant Interests[2]	34.1% to 43.9%[1]	N/A

Notes:

1. The range provided contemplates two scenarios: (1) where only the underwritten amount of the Offer is taken up; and (2) where each of the Offers are accepted in full.

2. The aggregate total is the sum of Henry Townsing Sr's and Henry Townsing Jr's individual total relevant interests in the Company as a result of the Acquisitions.

As noted above, for the purposes of this Prospectus, the Company has taken the conservative approach of assuming that all of the Acquisition Vendors are 'associates' for the purposes of section 606 of the Corporation Act. A number of the Acquisition Vendors are related parties of Henry Townsing Sr and Henry Townsing Jr. These interests are detailed in Schedule 2 of this Prospectus. The above table sets out specific direct or indirect interests of the related parties of Henry Townsing Sr and Henry Townsing Jr. More generally, the control implications arising from the Offers are as follows:

a. the voting power of the Acquisition Vendors and their associates will be approximately 63.5%, the Acquisition Vendors will have the power to approve an ordinary resolution of Shareholders (assuming that all of the Offers are fully subscribed, and noting that the Acquisition Vendors will not participate in any of the Offers); and

b. the voting power of the Acquisition Vendors and their associates will be approximately 82%, and the Acquisition Vendors will have the power to approve an ordinary resolution or a Special Resolution (assuming that only the underwritten amount of $1,000,000 is subscribed, and noting that the Acquisition Vendors will not participate in any of the Offers).

2.6 Overview of the offers

Topic	Summary	Further information
What are the Offers	The Offers include: a. Placement Offer - a placement of up to 34,750,000 New Shares to investors in eligible jurisdictions at an issue price of $0.20 to raise $6,950,000, less the amount raised under the Entitlement Offer before costs; b. Entitlement Offer - a non-renounceable pro-rata rights issue to Shareholders of up to 21,637,572 New Shares on the basis of 4 New Shares for every 1 Share held at the Record Date at an Offer Price of $0.20 each to raise approximately $4,327,514 before costs, $1,000,000 of which will be underwritten; and c. Top Up Offer - an offer to Shareholders who hold a parcel of less than 25,000 Shares at the Record Date, being an offer of up to 18,375,000 New Shares to raise up to $3,675,000. Each Offer has certain restrictions with respect to eligibility as detailed in Section 10. The Company is not proposing to have its Shares quoted on the Official List of the ASX or any other exchange in conjunction with making the Offers in this Prospectus. The Company intends to actively review its listing options in the future in line with ASX listing rules, and in light of prevailing economic conditions.	Section 10
What is the purpose of the Offers?	The purpose of each Offer is to: a. raise up to $10,625,000 before costs pursuant to each Offer; b. tighten the share register of the Company to assist in any future capital raisings from its Shareholders; c. raise funds for the development of the Yarrawonga Project; d. raise funds for the acquisition and development of the Fyansford Property; and e. raise the necessary funds required by the Company for any additional working capital requirements following Completion. A summary of the budgeted intended use of the funds is set out below and in Section 10.6.	

Topic	Summary	Further information
How will the proceeds of the Offers be used?	The total gross proceeds of each Offer will be equal to the number of New Shares issued under each Offer multiplied by the Offer Price. The funds raised under each Offer are expected to be allocated over the first 12 months as follows:	Section 10.6

Description	Under written amount $1.0m	$2.5m	$5.0m	$7.5m	Full subscription amount $10.625m
Development costs					
Development costs for the Yarrawonga Property[1]	$945,000 (95% of funds raised)	$2,325,000 (93% of funds raised)	$3,200,000 (64% of funds raised)	$3,200,000 (43% of funds raised)	$3,200,000 (30% of funds raised)
Acquisition and development costs for the Fyansford Property[2]	Nil	Nil	$1,500,000 (30% of funds raised)	$2,600,000 (35% of funds raised)	$4,200,000 (40% of funds raised)
Transaction costs					
Costs of the Offers	$55,000 (5% of funds raised)	$175,000 (7% of funds raised)	$300,000 (6% of funds raised)	$420,000 (6% of funds raised)	$575,000 (5% of funds raised)
Working capital[3]	Nil	Nil	Nil	$1,280,000 (17% of funds raised)	$2,650,000 (25% of funds raised)
Total amount raised under the Offers	**$1,000,000**	**$2,500,000**	**$5,000,000**	**$7,500,000**	**$10,625,000**

Note:

The above table is indicative only and approximated subject to rounding to the nearest whole number. Actual use of funds will depend on a variety of factors including the actual amount raised as part of the capital raisings outlined in Section 10.1 and various market conditions and the Company's progress and success in the implementation of its strategy following Completion.

[1] Section 4.4 provides information with respect to Macarthur's expected works in relation to the Development costs for the Yarrawonga Property. The proposed use of funds set out above will be expended to progress the building of housing and community facilities on the property (to cover any cashflow timing differences between draw down of bank funding and payment of relevant development cost (up to $800,000 of the initial funds raised), any amounts over $800,000 will be allocated to the repayment of loans payable to the relevant vendors.

[2] As noted in Sections 4.4 and 13.3(w), MNL Operations, a fully owned subsidiary of Macarthur, has entered into a conditional agreement to purchase the Fyansford Property. This agreement is conditional on MNL Operations obtaining planning permissions which are currently being assessed by the relevant council authorities.

If the necessary planning permissions are not granted, MNL Operations will have the right to terminate the Fyansford Property contract of sale, upon which MNL Operations would forfeit $400,000 of the deposit it has already paid under the contract of sale. However, if the required permits are unable to be obtained, Macarthur may nevertheless determine to proceed with the acquisition if the prevailing property prices at the time would allow Macarthur to on-sell the property at a higher price to in order to crystallise a gain for the Group.

[3] Working capital includes:

- *funds required for the day to day management of the Company including day to day funds for Montessori Beginnings and Zest Living businesses; and*
- *growth funding for the further build out of the business platform, including acquisition of additional assets from time to time*

Topic	Summary	Further information
What is the Offer price per Share?	$0.20 per Share being the Offer Price.	Section 10.13
Is each Offer underwritten?	• The Placement Offer is not underwritten. • The Entitlement Offer is partially underwritten in the amount of $1,000,000 by Land Real Pty Ltd (ACN 006 535 299), a related party of Henry Townsing Sr by way of his directorship and cumulative ownership interest of approximately 66.7%. The Company will pay underwriting fees and disbursements as provided for under the Underwriting Agreement. CVC Limited (an unrelated third party) will act as a sub-underwriter. See Section 13.3(ee)(vi) for details. • The Top Up Offer is not underwritten.	Section 10.13
What is the allocation policy?	The allocation of New Shares under each Offer will be at the sole determination of the Company.	Section 10.13
Will the Company accept over-subscriptions?	Yes – under the Entitlement Offer and Top Up Offer only.	Section 10.3(b) and 10.4
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Shares under each Offer.	Section 10.13
What are the tax implications of investing in the Shares?	Section 13.5 provides a general summary of the potential Australian tax implications of participating in the Offers. However, the tax consequences of participation will depend on the individual investor's circumstances and, as such, Applicants should obtain their own tax advice before subscribing for Shares pursuant to any Offer.	Section 13.5

When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be mailed on or about 22 August 2022 by standard post as soon as possible after the close of the relevant Offer. For Shareholders with email addresses, initial holding statements will be sent electronically.	'Key offer information', Section (page 9), 10.13
How can I apply?	Applications for Shares under a relevant Offer may only be made on an appropriate Application Form attached to or accompanying this Prospectus, or via the relevant electronic Application Form attached to the electronic version of this Prospectus, available at https://macarthurnational.com.au.	Section 10.10
Where can I find out more information about this Prospectus or each Offer?	You can obtain further information from: a. your accountant, solicitor, stockbroker or other independent professional financial adviser. b. from the Share Registry, Registry Direct on 1300 556 635; or c. from the Company by contacting the Company Secretary, Richard Barton on +61 3 9828 0508, or at general@macarthurnational.com.au	-

3. COMPANY AND INVESTMENT OVERVIEW

3.1 Overview of Macarthur

Macarthur National Ltd (**Macarthur**), the parent company of the 'Macarthur Group' (**Group**), is an owner, developer and operator of Social Infrastructure assets focussed on two identified Social Infrastructure sectors being:

1. Long Day Care operating under the "Montessori Beginnings" brand

Established in 2018, Montessori Beginnings provides long day care childcare services utilising the 'Montessori' philosophy in teaching young children. The Montessori method, which is widely used in Western Europe and the USA, provides distinct choice for parents enabling Montessori Beginnings to distinguish itself within the early learning and childcare sector.

Applying the ethos of child centred learning, which, for the child, is 'help me do it myself', Montessori Beginnings offers full or part-time learning and care services for children aged 6 weeks to 6 years. All children participate in a course of learning within age-specific groupings at Montessori Beginnings' 8 purpose built facilities located in Victoria, of which 7 centres are in greater Melbourne and 1 in regional Victoria.

2. Land Lease Community housing operating under the Zest Living brand

Zest Living was established to service an increased number of people either semi-retired or retired wishing to downsize or often needing to liberate equity and stored wealth in their current home to fund their lifestyle aspirations. Zest Living aims to provide these people with a financially viable solution to residential living in retirement, that is popular overseas but is in its infancy in Australia, and is achieved through separation of home and land ownership.

In a Zest Living estate, residents purchase a house from Zest Living at a price typically less than the median price and lease the underlying house lot from Zest Living for an annual fee on an extended long term basis. The advantage to homeowners is two-fold:

i. cash saving, as the annual rent is a fraction of the cost of purchasing any similar land on which to build a home, with the land savings providing people with the necessary money to live an enhanced and independent lifestyle; and

ii. Zest Living estates offer community living benefits not normally attainable such as broad companionship and access to exclusive communal recreational facilities within a gated community setting.

Without such opportunities, it is Macarthur's view that many retirees will remain asset rich and income poor, thereby compromising life enjoyment or lifestyle in their later years.

The Group has recently completed a number of Acquisitions and will complete certain other acquisitions after the Offers which form part of its portfolio of assets and businesses.

A summary of the Acquisitions is set out in Schedule 1 and comprises;

a. 6 Long Day Care businesses in Victoria, trading under the 'Montessori Beginnings' brand which the Group currently owns and operates (the **Mobe Growth Acquisition** and **Spring Kids Acquisition** - see Section 13.3(p) and 13.3(r) and Schedule 1 for details);

b. 3 properties from which Macarthur operates Long Day Care Centres (the **Greenvale Acquisition**, the **Maribyrnong Acquisition** and the **Malvern Acquisition** - see Sections 13.3(a), 13.3(b), 13.3(c) and Schedule 1 for details);

c. a partial interest in 2 Long Day Care Centre properties (the **Partnership Acquisition** – see Section 13.3(h) and Schedule 1 for details);

d. a Land Lease Community housing business (the **Zest Living Acquisition** – see Section 13.3(x); and

e. the Group's head office (the **Head Office Acquisition** - see Section 13.3(g) and Schedule 1 for details).

The establishment of the core Montessori Beginnings Long Day Care and Zest Living Land Lease Community businesses provide the platform from which Macarthur intends to continue to build out its footprint in each Social Infrastructure sector. The further expansion in each sector will be achieved under Macarthur's own, develop, manage and operate strategy;

a. 2 Long Day Care Centre sites located in Victoria for which permits are being sought, to develop as Montessori Beginnings centres (the **Lilydale Property** – see Section 13.3(j) and the **Irymple Property** – see Section 13.3(k) for details); and

b. a Land Lease Community development site located in Victoria for which permits are being sought to develop as part of the Zest Living Land Lease Community business (the **Fyansford Land** – see Section 13.3(w)).

The acquisition of the Montessori Beginnings business by Macarthur has allowed the Company to enter a new phase. Macarthur intends to increase the value and quantum of Montessori Beginnings Long Day Care centres it owns in line with a best fit geographical footprint, relevant supporting demographics, and viable development opportunities. To support the build out of the Montessori Beginnings' business the Group has entered into an arrangement for the capital-intensive real estate component associated with the long-term ownership of Long Day Care properties operated by Montessori Beginnings, with Eildon Capital Group, an ASX listed real estate investment and funds management business (see Sections 13.3(m) and 13.3(n) for details). The Directors are of the belief that the Eildon Capital Group real estate investment and funds management platform will facilitate MNL Property Trust (**MNLPT**) being able to access the capital required to be invested to grow MNLPT which in turn supports the growth of Montessori Beginnings under the Company's own, develop, manage and operate strategy.

Macarthur has also acquired a company, trading under the brand name 'Zest Living', through which Macarthur will operate a business dedicated to Land Lease Community housing (**Zest Living Acquisition**) (see Section 13.3(x) and Schedule 1 for details), to which it is intending to add a second community site through the Fyansford Development (see Section 13.3(w) and Schedule 1 for details). Development of Land Lease Community housing will allow Macarthur to participate in the ever-expanding retirement living sector.

The offering of additional New Shares as part of the Offers in the amount of up to $10.625 million via this Prospectus will enable Macarthur to fulfil its objective of further developing its portfolio of Social Infrastructure assets.

Macarthur's two business divisions (being Long Day Care centres and Land Lease Community housing) each benefit from bi-partisan government support delivered over many decades in the form of retirement pensions to eligible persons and childcare subsidies to qualifying young parents. The combined market size of the aged care and childcare industries in Australia is approximately thirty billion dollars with the Federal Government's annual spending growth rate in each sector approaching 5% and 6% per annum respectively. Long Day Care (which is the division of the child care sector in which Macarthur operates) continues to grow with the number of children enrolled in Long Day Care increasing by over 100,000 to more than 750,000 in the five year period from September 2013 to September 2018.

Macarthur has recognised a greater focus by young parents keen to pursue opportunities for early learning and education for pre-school children.

In financial markets these two industries (being childcare and retirement living) are considered to form part of the Social Infrastructure sector. This relatively new term reflects a supply response to changing trends within Australian communities witnessed by workplace choices, retirement living alternatives and a greater focus by parents keen to pursue early childhood education and care for pre-school children.

Shareholders are invited to consider the attraction of this asset mix. The value of share ownership is underpinned by core real estate specific in use and subject to strong regulatory governance, creating a barrier to entry for many. The defined business strategy for each operating division is to generate positive cashflow and rental income. The childcare and retirement sectors are each independently recognised as stable and mature, and growth is expected to continue, being driven by increasing population, and, increased life expectancy in Australia.

3.2 Objectives of Macarthur

Portfolio objectives

Macarthur creates Social Infrastructure communities that improve the lives of those who bring its spaces to life.

1. The Company intends to capitalise on past management success in the Long Day Care industry and to develop a Land Lease Community housing division.
2. Macarthur intends to internally manage and methodically grow the size of its asset portfolio, with each individual business sector exhibiting a distinct point of difference.

Social objectives

3. Social objectives are central to the ethos and operational culture of Macarthur's businesses.
    A. The welfare of the children in Macarthur's care is paramount – the provision of a nurturing and encouraging environment in the interest of learning is part of the guiding social mantra for all Long Day Care facilities operated by Macarthur.
    B. The Company will uphold the 'Montessori' charter by adherence to a documented educational syllabus and a fun learning experience delivered by Macarthur's trained educators, supervisors, and staff.
    C. Providing a workplace that offers flexibility, combined with desirable work conditions offering stimulation and fulfilment in tasking and opportunity is core to Macarthur's success. Macarthur aims to become an employer of choice in its industry.
    D. Community pledge: features of cultural heritage or historical significance encountered during refurbishment of any Long Day Care facility will be identified, preserved, and maintained to Macarthur's fullest capacity. This action has the purpose of maintaining established community links and also aims to foster a creative and exciting environment.
    E. Macarthur's Land Lease Community housing projects will also focus on a collaborative and inclusive environment with appropriate lifestyle amenities to promote friendship and reduce loneliness, often a function of advancing age, loss of a loved one, poor heath or isolation.
4. The Company and its staff embrace the importance and pleasure of witnessing growth in the children in its care knowing the Montessori child learning programs implemented by Macarthur are designed for self-progression and for fun.

Fiscal objectives

5. Financial conduct of Macarthur's two business divisions is unified.
    A. A vigilant approach to capital management, designed to deliver a combination of dividend return and growth in Share value over the longer term.
    B. Plans and strategies aimed at advancing future rental income streams by developing Macarthur's two separate business divisions and optimising yield.
    C. Commitment to pursue future capital partnering and funds management opportunities to further diversify and grow the Company's asset base and income divisions.
    D. In addition, Macarthur will conform to strict legal and regulatory frameworks that govern its respective businesses.
    E. Appropriate Land Lease Community living and housing maintenance programs underpin long term viability and satisfaction.

3.3 Business model

Macarthur's business model charts a course to own, develop and manage Long Day Care centres and Land Lease Community housing projects that provide specialised offerings to local communities.

Stable and recurring income streams

Properties owned by Macarthur will generate rental income for the company. Surplus funds from rental income paid to Macarthur may be utilised to pay dividends to shareholders.

Building a portfolio of Social Infrastructure assets

Macarthur investment in the operating businesses associated with the properties being acquired provides a management platform with additional revenue streams and diversification for Macarthur.

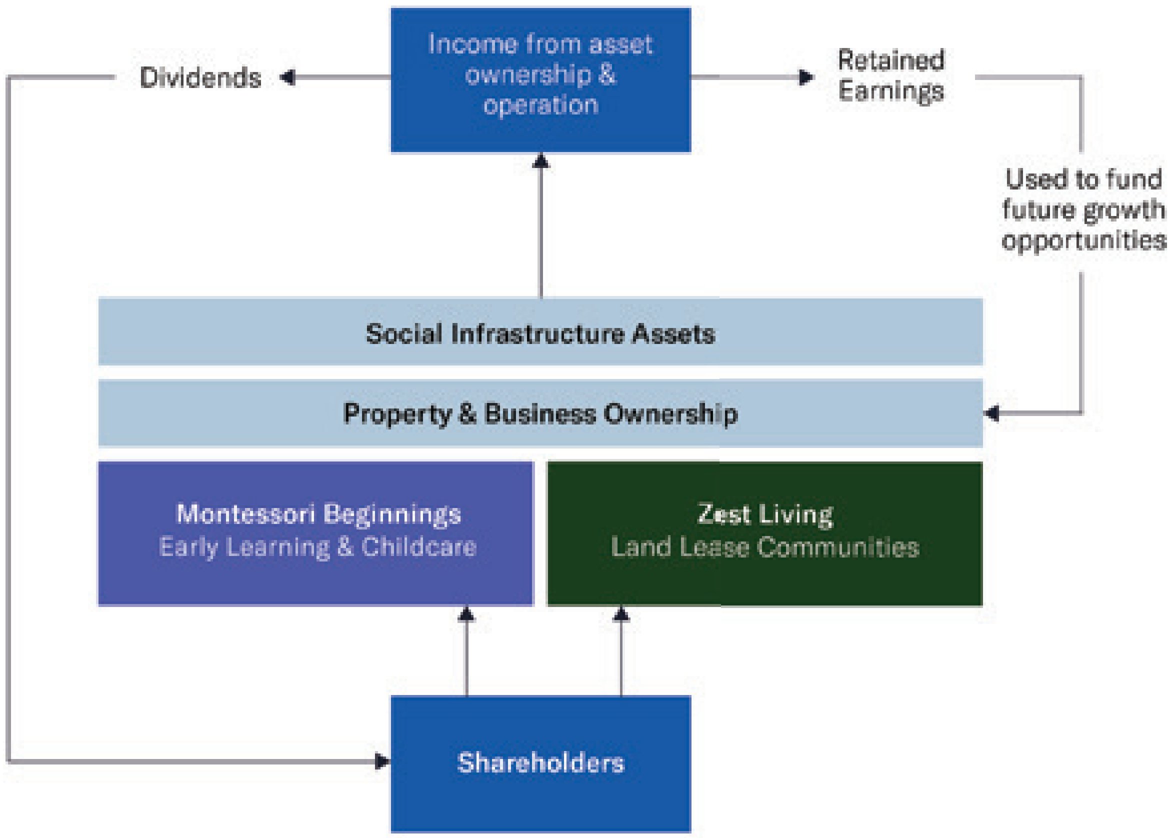


FIGURE 3.3 Macarthur National Business Model

3.4 Application of the business model

To maximise and to build intellectual know-how and provide risk mitigation, Macarthur intends to manage all its high value-add functions to enable the creation and management of its communities.

The maintenance of a collaborative workplace environment at Macarthur aims to harness and continue to develop in house skills in pursuit of innovation and value creation.

Macarthur's model to own, develop and manage has been successfully demonstrated at its Malvern Property, and Greenvale Property, where it operates Long Day Care centres in Melbourne and is soon to be replicated at its Swan Hill Property (see section 4.4 for details). In the case of both the Malvern Property and the Greenvale Property, related parties of Macarthur have designed and built the Long Day Care centres, while Macarthur has purchased the freehold for these centres and operates them internally.

Due to the presence and experience of qualified educational trainers and their support staff on site at centres on a day-to-day basis, there is no need for a heavy administrative overlay presence at each Long Day Care facility. This allows Macarthur's Chief Executive Officer and the Board to focus on creating new opportunities and to execute the Company's stated objectives and growth plans, particularly in the Land Lease Community housing sector.

The software operating platform for each of its two business divisions is centralised and able to be accessed by senior management at a single site.

To reduce overall management expense ratio, Macarthur will outsource low risk and/or low volume specialised functions which the Company requires, for example share registry management.

3.5 Key platform portfolio growth drivers

The Directors consider the nature of each market, supported by changing population and social trends together with government assistance programs combine to underpin future growth in the Long Day Care, and Land Lease Community housing sectors.

Innovation and distinction within markets

The creation of identifiable individual brands 'Montessori Beginnings' and 'ZEST Living' within these markets will enable the Company to remove itself from the clutter of direct competition and the generic labels often applied to each sector.

This strategy aims to facilitate easier promotion and greater market penetration in the pursuit of growth and consumer satisfaction.

Intelligent learning

The first part of this planned differentiation in the Long Day Care sector is a commitment to the intelligent learning concept developed by Macarthur. Macarthur intends to build its exposure in the Long Day Care sector, promoting the unique Montessori Beginnings brand as a facility property owner and business operator manager.

Retirement living changing industry dynamics

Affordable housing within the Australian residential market has been a long standing challenge, particularly for those of lesser financial means or capacity. This state of market is unlikely to reverse in the near term and the Directors believe that it will likely stimulate increased interest in new alternatives to traditional home ownership.

Land Lease Community housing projects such as those planned by Macarthur have thrived overseas due to one important variant: the financial entry point cost for Land Lease Community housing is far lower than for traditional housing ownership as the land content is leased rather than purchased.

Macarthur has set a course to pursue opportunities in the residential Land Lease Community housing sector, primarily because reduced affordability of traditional home ownership for many people has created demand for alternate solutions.

Change is expected to continue within this expanding industry as an increasing number of retirement age people have become asset rich and cash poor for a range of reasons including increased life expectancy, rising costs of living, reduced employment options and notably, rising house prices.

Macarthur's Land Lease Community housing division is described in detail under Sections 3.7(b) in this Prospectus aims to provide alternate retirement lifestyle living options for a diverse cross section of people some of whom have been adversely impacted in a financial sense, with others simply seeking a lifestyle change.

To stimulate demand Macarthur intends to focus development on attractive country locations away from capital cities where additional resort style amenities normally not financially viable can be incorporated alongside Company-designed and developed housing to improve lifestyle.

Government social programs and regulatory environment

Macarthur considers the existence of the age pension and childcare subsidy to be essential policy initiatives designed to achieve important social outcomes. The age pension and National Disability Insurance Scheme both offer an important financial welfare safety net for many eligible citizens, likely providing a greater standard of living than would otherwise be available. Childcare assistance subsidies aim to support an earlier return to the workforce for women with myriad attendant personal, family and community benefits.

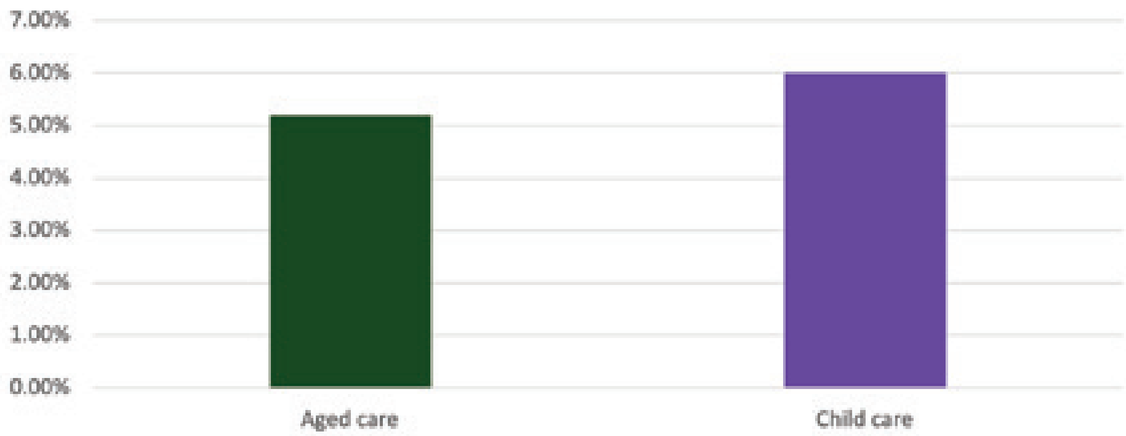


FIGURE 3.5 Government spending growth rate

Growth in government spending in the early childhood education and care industry is expected to increase at approximately 6% per year.

Strategic positioning of Macarthur's portfolio

Australia's population is forecast to grow to in excess of 35 million people by 2050. In addition, the projected birth-rate in Australia is expected to increase progressively over the next 40 years. Macarthur's two proposed operational businesses are positioned at opposite ends of the normal age lifecycle and will enable the Company to benefit from these current macro demographic trends. These trends will likely have a positive impact, both on the early learning sector and the retirement living sector.

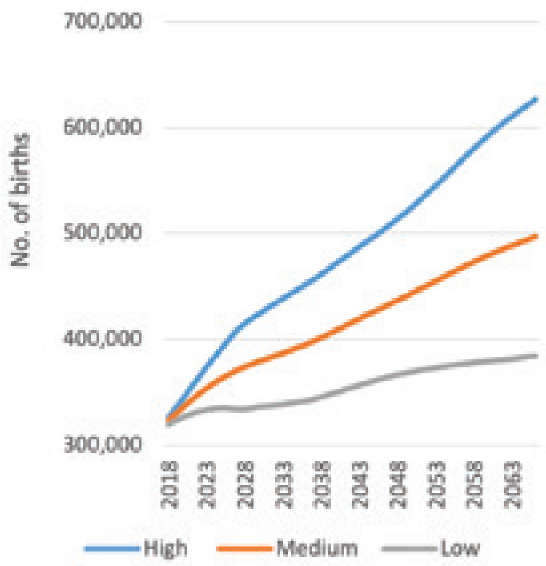


FIGURE 3.5A Australian birth rate

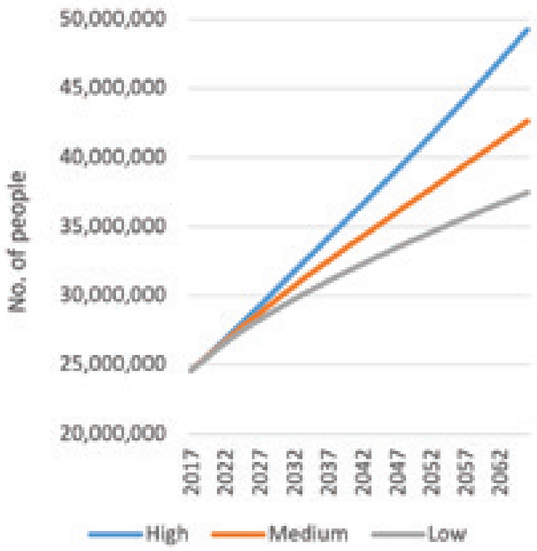


FIGURE 3.5B Projected Australian Population growth

3.6 Growth strategy

Macarthur intends to methodically develop its profile and identity within the Social Infrastructure sector by deploying its operational platform across both of its business divisions. The Company possesses the relevant skills developed in house, to continue to deploy a strategy to select, buy, design, build, own, and operate assets and will seek to expand its asset portfolio.

This approach is considered less capital intensive compared to a pure acquisition strategy as it removes a need to pay competitive market premiums for assets and generally results in a more efficient use of Shareholders' funds. Where Macarthur does pursue asset acquisitions it will seek to exhibit a tempered and cautious approach.

The Macarthur Board expects the Company's debt to total assets ratio not to exceed 40%, regardless of the attraction of accessing current prevailing low interest rates. Other financial ratios measuring the Company's relative performance are expected to reflect a conservative approach, befitting the sector and Macarthur's aim to progressively increase future dividends to Shareholders.

In consideration of this steady strategy Macarthur aims to attract stakeholders similarly patient and comfortable with Macarthur's plan to expand its geographic footprint, address the needs of an increasing pool of infants and children and service the population increase in the retirement sector.

3.7 Macarthur brands

a. Montessori Beginnings — Long Day Care

Macarthur's Long Day Care centre business, operating under the Montessori Beginnings brand, applies the educational philosophy of Maria Montessori (1870-1952), a world-renowned 20th century scholar in education and science. The 'Montessori' method in teaching young children is widely used in Western Europe and the USA. The Montessori Beginnings brand was established in 2018 in Melbourne, Australia with the following guiding principles:

i. the community, and in particular, parents and family carers of small children (6 months to 6 years), should have access to a high-quality system of education which is accessible to working families; and

ii. children should have purpose built learning and day care facilities that support their healthy development, future success at school and life in general.

The Montessori ethos or philosophy provides distinct choice for parents seeking a different offering in a space often considered mundane or viewed simply as 'paid child minding'. The services provided by Macarthur's Long Day Care centres are designed to help families and employers better address the challenges of family life and work.

The Company owns both companies which operate Long Day Care centres for children between the ages of 6 weeks and 6 years, and properties on which childcare centres are operated by third parties.

Montessori Beginnings mission

The 'Montessori Beginnings' mission is to become a primary provider of quality Long Day Care services. Macarthur is committed to providing parents, children and the community with an innovative education program that respects the liberty and freedom of each child. This is demonstrated by:

- an innovative, contemporary, dynamic curriculum;
- strong partnerships with parents, families, and educators; and
- a commitment to continuing the professional development of educators.

Philosophy of Montessori Beginnings

The key elements of the 'Montessori' educational philosophy are as follows:

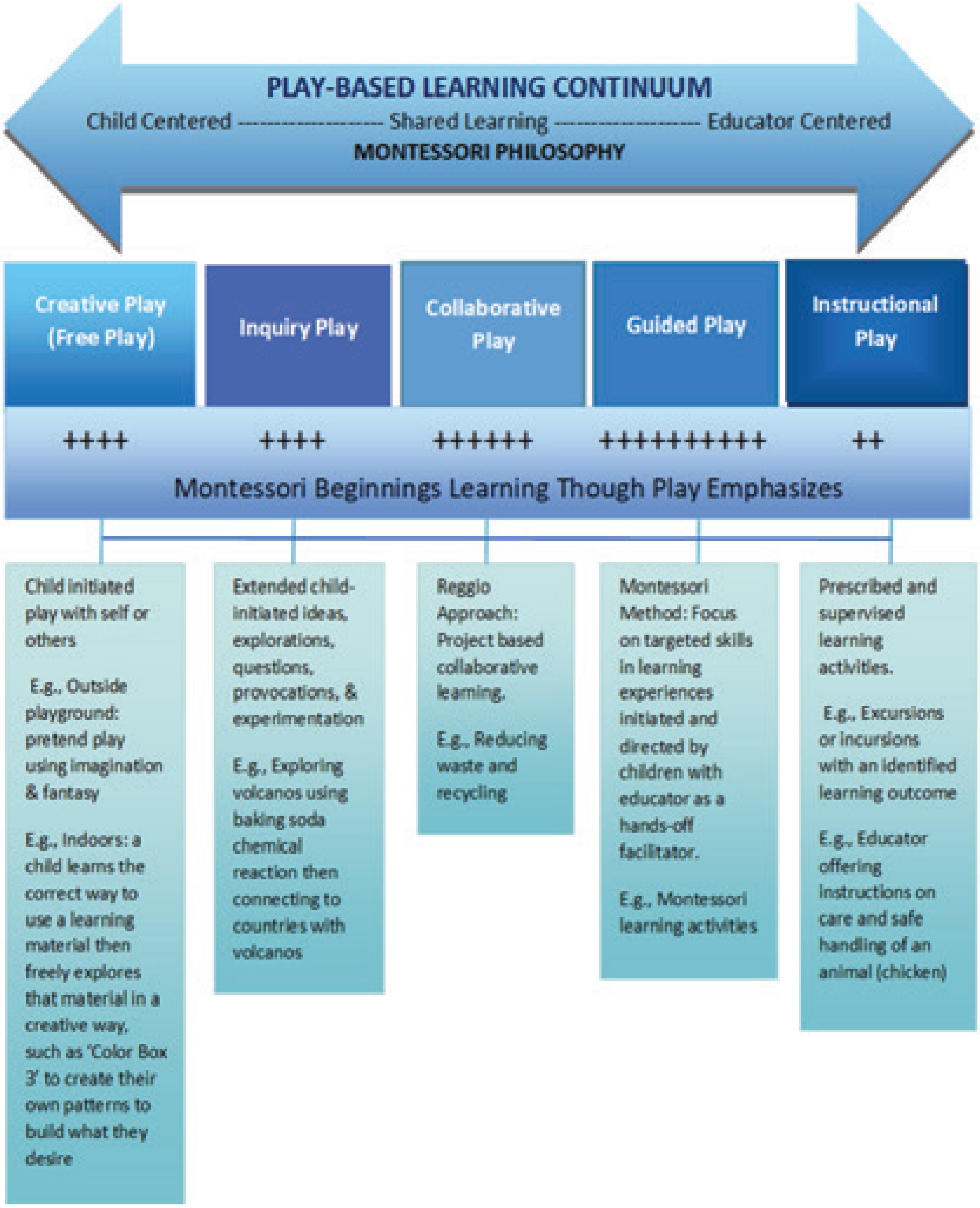
- Montessori is a method of education that is based on self-directed activity, hands-on learning and collaborative play. Children work at their own pace and their own level. Habits and skills developed in a Montessori classroom are expected to remain for a lifetime.
- Montessori activities promote the development of social skills, emotional growth, physical coordination as well as cognitive preparation aiding each child to reach their full potential in all areas of life.
- Another unique part of a Montessori environment is the formation of a community with a multi three-year age range within classrooms. This allows children to learn from each other in a non-competitive atmosphere and directly prepares the child for living in society.

Curriculum framework

Macarthur aims to offer a high-fidelity Montessori informed curriculum that research reports, benefit a child's development and primary school readiness. The key tenets of the 'Montessori Method', Montessori National Curriculum, Early Years Life Framework, Victorian Early Years Development Framework and the National Quality Standards, provide the foundation for the system of education offered by Macarthur to children, parents, and family carers. The Montessori Beginnings curriculum is designed to assist children to develop a holistic appreciation and gratitude for the world in which they live.

Montessori Beginnings' system of education

The Montessori Beginnings approach to 'learning though play', extinguishes the binary distinction between play and learning and incorporates varying levels and types of educator involvement in supporting the teaching of academic and other life skills and attributes in a playful manner. There is strong research evidence that supports the proposition that Macarthur's model of learning through play aligns with best practice in early childhood learning.



Macarthur's approach to education is very different to that offered by most traditional child care centres in Australia. To offer an impression of the difference, child care centres tend to be 'play based' applying predominantly a 'free play' approach, and to a lesser extent other forms of play to the education of children. Children have a significant amount of unstructured time on open-ended activities, and educators offer little formal instruction and academic input. In contrast, the Montessori Beginnings approach offers a formal system of 'learning through play' that is weighted toward 'Guided Play' and then to a lesser extent other forms of play. The curriculum offered by Macarthur is intentionally tailored to the academic, psycho-emotional, and social development of children, their functional independence, preparation for school, and life in general.

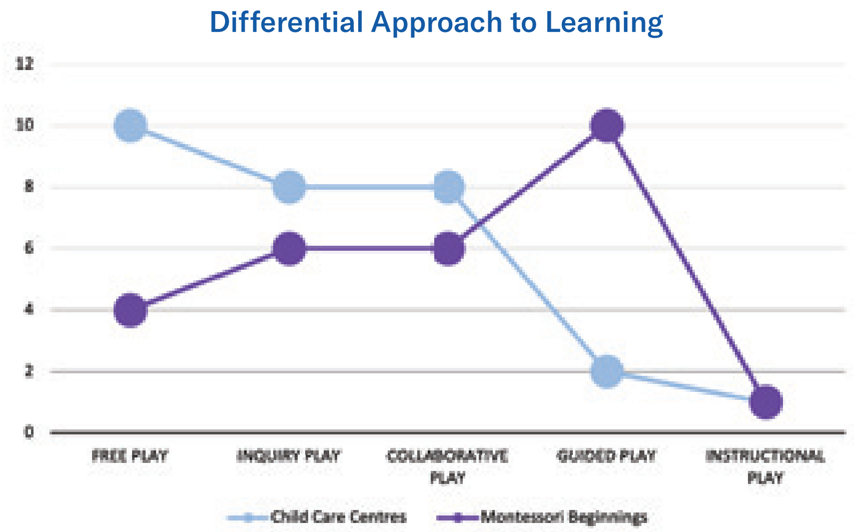


FIGURE 3.7B Learning though play emphasis Montessori Beginnings and traditional child care.

Syllabus of learning activities, materials and resources for learning

All children at a Montessori Beginnings centre participate in a course of education for their age group. There are two courses of education offered, (1) 'Infant & Toddler' course and (2) 'Cycle 1' course. Children 6 months to 18 months and children 18 month to 3 years participate in the Infant & Toddler course and children aged 3 to 6 years are in the Cycle 1 course.

Because Macarthur offers a formal curriculum based on the education and scientific philosophies of Maria Montessori, the courses require access to a plethora of specifically designed Montessori learning materials and resources. For example, the materials required to teach the Cycle 1 (3-6 year) syllabus comprise of two hundred and eighty-five (285) items. The Infant syllabus has sixty-two (62) specifically designed Montessori learning material resources, and the Toddler syllabus has one hundred and sixteen (116) learning materials.

Trained educators and support staff

Macarthur's educators follow the motto of the 'Montessori Method' of child centred learning, which for the child is 'help me do it myself'.

The teaching design of the curriculum requires educators to be facilitators of child directed learning as opposed to the traditional didactic notion of teaching that has learning directed by the teacher. As facilitators of learning, educators focus on observing and assessing each child's readiness to engage in a particular learning activity, guiding their natural inquiry and the challenges that brings, toward mastery and eventual functional independence. Specifically, the key focus of educator action is on the environment, for which the learning activity is a subset. Macarthur's educators are one step removed from the activity itself, because their efforts are directed toward observing and manipulating the environment to ensure it is conducive to child self-directed learning. Educators tailor the learning environment specifically for each child's learning needs which in turn sets the child free, within limits (not interrupting others for example), to move around the classroom to find what engages them, be that working alone or with others.

Class groups comprise children of different ages (e.g., Cycle 1 classroom ages 3, 4, 5 & 6), which encourages them to participate in co-learning opportunities either by direct observation of another and/or participate in group learning. By acting on the environment the educator creates a suite of conditions that facilitate the autonomous exploration of the learning material/s. Again, the focus of the educator in the Montessori Beginnings class is not on the learning task and is not on directing the children, it is on preparing and then facilitating an environment where the children can learn by themselves and can support one another.

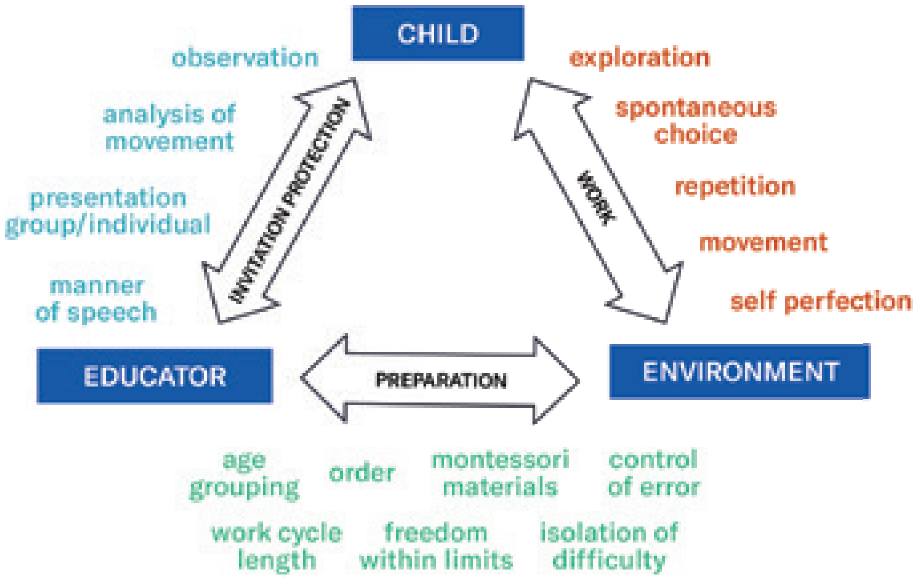


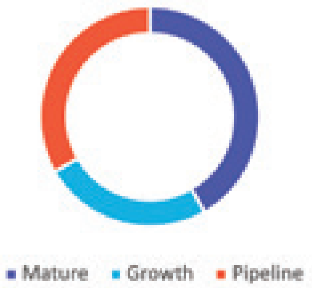
FIGURE 3.7C Facilitative Learning Environment

A Montessori Beginnings educator interacts with a particular child by inviting them to work with the materials they have prepared for them based on their observation of the child's readiness to undertake that learning activity. The child, should they choose, then interacts with the environment set for them. They may participate in a scripted Montessori demonstration of how to use the learning material, or if known, by working with the materials by themselves. Once a child is engaged with the activity the educator withdraws and turns their attention to protecting the child's concentration so enabling 'self-construction' to take place. Exploration of the learning materials progresses as fast or slow, as long or as short a time as the child directs. Montessori materials all have error-correction mechanisms built into their design, which let children self-correct when they encounter a problem without the need for the educator to intervene and be teacher-directed. Again, the practice of the educator is not to interfere but rather observe and manipulate the environment, if needed, to create or recreate again and again the conditions necessary to enable the child to problem solve their way through the encounter. One of the few times an educator will become teacher-directed is in situations that are dangerous, instances of destructive behaviour, or in the protection of others.

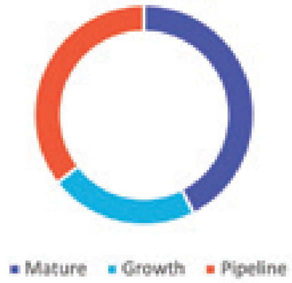
Geographic footprint

Macarthur's Montessori Beginnings business comprises of a head office located in Melbourne and eight operating Montessori Beginnings early childhood learning and day care centres, with a further one under construction, two in planning permit stage, and one under contract to be acquired. Eight operating centres are in greater Melbourne and three in regional Victoria (see Section 4.4 for details). All centres are purpose built to support the quality education and care of children 6 weeks to 6 years.

Number of centres



Licensed places of centres



Location of centres

Property

Early learning development track record

The Macarthur management team is experienced in early learning property and business development having managed the development of each of the Macarthur owned properties and their subsequent operation.

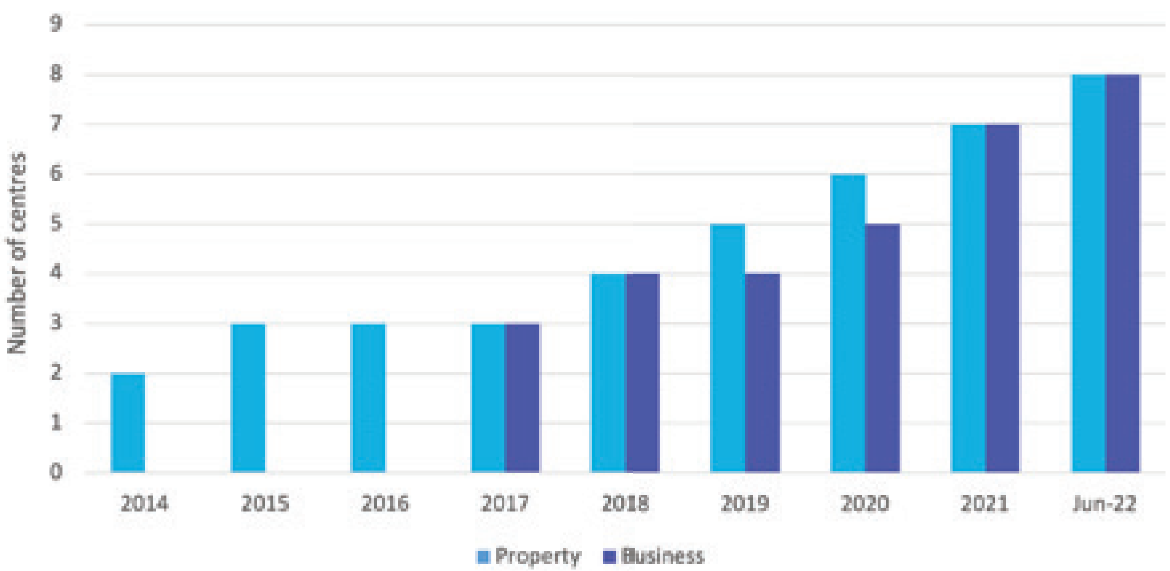


FIGURE 3.7C Early learning centres which Macarthur has an ownership interest

b. Zest Living – Land Lease Community housing

ZEST LIVING

As noted above, Macarthur has purchased Zest Living (together with a related entity, Zest Living Development), which is an entity operating a business of developing and operating Land Lease Community housing. Zest Living was established to develop and own Land Lease Communities to provide a financially viable solution to residential living in retirement that delivers on two key community drivers:

1. continued home ownership in the traditional manner of the physical dwelling occupied; and
2. lifestyle amenities providing a standard of living for residents either not previously available or beyond a person's financial capacity

Residential Land Lease Community development plan

Zest Living's Yarrawonga Project, once completed, will comprise 155 residential housing lots. As at the date of this Prospectus, civil construction, clubhouse construction and marketing programs have commenced.

The Yarrawonga Project will be conducted in multiple stages. The rate of development of the Yarrawonga Project will be a function of the demand from future residents. It is planned that 'Stage 1' selling has commenced. Macarthur chose the Yarrawonga Property for its first Land Lease Community project because of its appealing physical features and environment, contained within a gated community, adjacent to the golf course and a short distance to the shores of Lake Mulwala.

In addition to the Yarrawonga Project, Macarthur is seeking the requisite permits required for the Fyansford Development. If the permits can be attained the Fyansford Development will become the second Zest Living Community.

Further details regarding the Yarrawonga Project and Fyansford Development are contained in Section 4.4.

Zest Living business model

Normally, buying a residential dwelling involves the purchase of both the house and the land the dwelling occupies. Often the value of the land can be up to half or substantially more of the total asset, depending on location. Under the 'Land Lease Model', home and land ownership is separated. Homeowners buy a house at an affordable price and lease the underlying land from Macarthur for an annual fee on an extended long term basis which gives the homeowners security of tenure with exclusive right to occupy the land and access the community facilities on the estate.

Zest Living will not charge entry or exit fees and homeowners are solely entitled to all and any capital gain when they sell their home which they are free to do at any time.

The advantage to homeowners is two-fold:

a. cash saving, as the annual rent is a fraction of the cost of purchasing any similar land on which to build a home, with the land savings providing people with the necessary money to live an enhanced and independent lifestyle; and
b. Land Lease Community living offers community living benefits not normally attainable, including gated security, broad companionship, access to recreational facilities and all contained in an attractive regional environment.

The nature of the long-term lease with Land Lease Community living provides ample protection and flexibility for homeowners in the event of death or changed circumstances and steady longer term income for Macarthur as the estate developer and principal land-owning entity.

Land Lease Community market drivers

Land Lease Communities are designed to offer the following benefits:

Although Land Lease Community offerings are popular overseas, the sector is relatively young in Australia and is expected to follow the trend overseas. Several factors support this viewpoint. The average life expectancy for Australians continues to rise, as does the number of people aged over 65. In addition, Australian residential housing is among the most expensive in the world and for many a house and land residential purchase remains well beyond their financial capacity.

Life expectancy at birth 1992 to 2016 to 2018

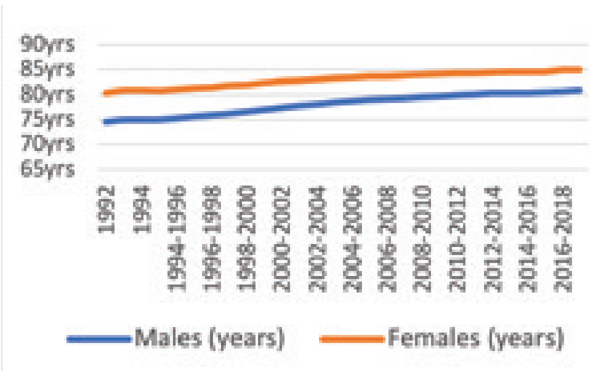


FIGURE 3.7D Increasing life expectancy of Australians

Proportion of population aged 65 years & over

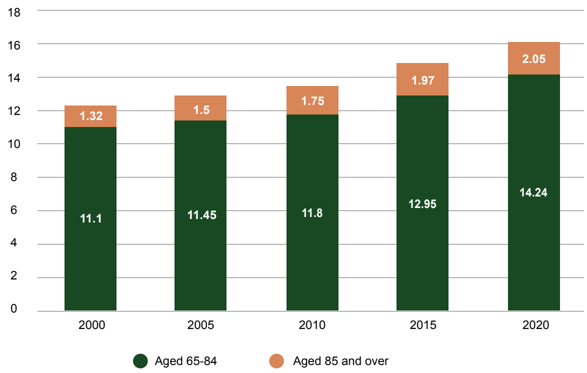


FIGURE 3.7E Increasing Australians aged 65+

By 2017 – 2019 for persons born between 2017 and 2019 their life expectancy at birth had risen to 80.9 years for males and 85.0 years for females. Reasons for improvements in life expectancy include:

- improved health services;
- safer working enviroments; and
- medical and technological advances

By 2020, the proportion of the population aged 65 years had risen to 16.3%. This group is projected to further increase over the next decade, as further cohorts of 'baby boomers' (those born between the years 1946 and 1964) turn 65.

Allied to increased life expectancy, financial motivations are also likely to be a key driver. There is often a corresponding decline in employment opportunities and/or a deterioration in the quantum of assets necessary to generate regular disposable income. To have a 'comfortable' retirement, it is estimated single people will need $44,412 in retirement savings, and couples will need $62,828 per year. This compares to the age pension of $22,937 for a single person and $34,580 for couples.

The shortfall in the age pension often leads to retirees who own their own home finding themselves in a position where they are cash poor and asset rich. Trapped equity and rising house prices, coupled with a need for steady income has historically left many homeowners with little choice but to sell their home in order to release cash and maintain their lifestyle.

For many in this position solutions are varied and include retirement homes, downsizing or relocation to another less expensive suburb or choosing to move out of capital cities to the country. The COVID-19 experience and recent growth in rural and regional property prices suggest internal migration away from capital cities is likely to continue and accelerate interest in this sector.

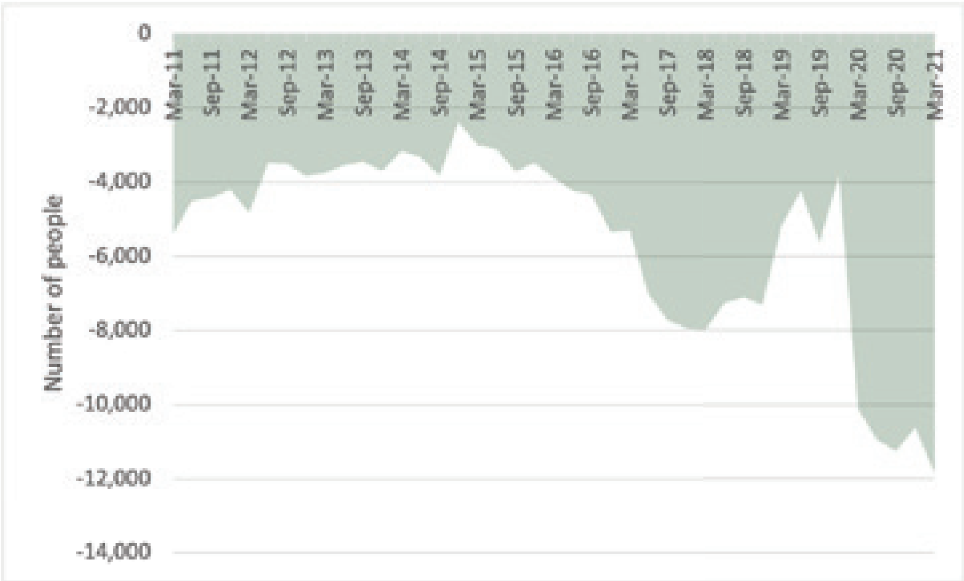


FIGURE 3.7F Quarterly domestic net migration away from capital cities

Zest Living mission

Zest Living's mission is to establish itself as a provider of quality accommodation solutions in the expanding retirement living market. The value proposition for Zest Living is centred on a need to service an increased number of people either semi-retired or retired, often city dwellers, wishing to downsize or often needing to liberate equity and stored wealth in their current home to fund their lifestyle aspirations with a viable housing option.

Without such opportunities soon to be offered by Macarthur, many retirees will remain asset rich and income poor, thereby compromising life enjoyment or lifestyle in their later years.

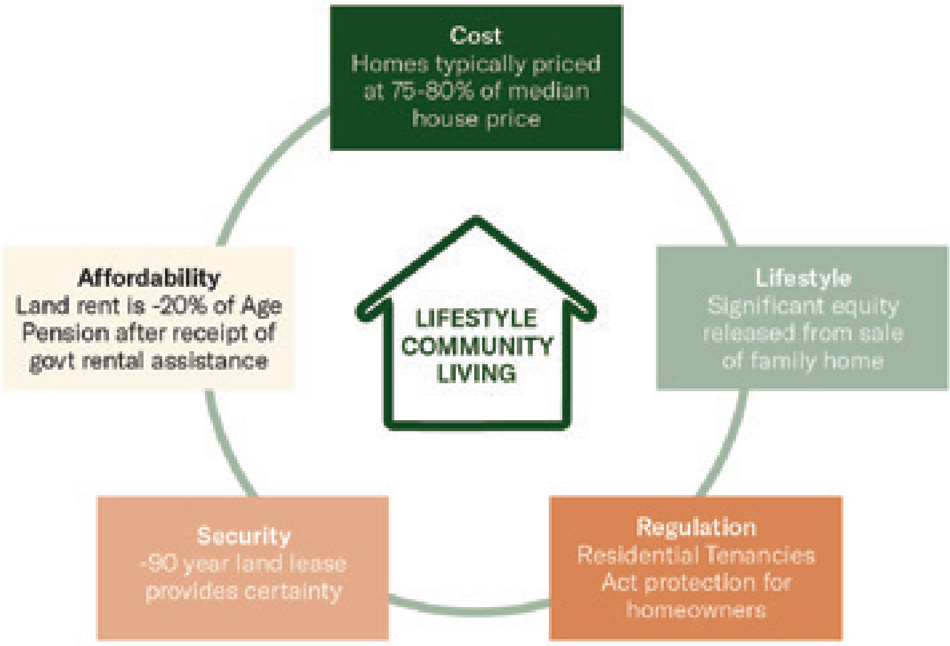


FIGURE 3.7G The Macarthur Land Lease Community rental model

Zest Living operations

Macarthur (through Zest Living) will operate two distinct divisions.

a. Development division:

Macarthur will undertake the entire development management of its Land Lease communities including site identification and acquisition, site design, sales and construction of infrastructure and new manufactured homes to individual residents. The development division will generate revenue from the sale of individual manufactured homes to incoming residents.

b. Operations division:

Key activities to be undertaken will include:

- Site fee collection and site fee reviews: rental income consists predominantly of long term site rental income, which is predictable, non-seasonal and akin to annuity income.
- Community maintenance: an on-site manager supported by a head office team will oversee the delivery of services such as grounds and community centre maintenance. Macarthur aims to ensure Zest Living Land Lease Communities deliver a quality service to residents in order to build confidence in the Zest Living brand and the long term success of each individual community.
- Operating cost control: efficient and effective community operations is an integral part of managing a residential Land Lease Community.

Macarthur built to purpose development experience

Macarthur will benefit from an experienced in-house development team that possesses an extensive track record of inner city property development in Melbourne and Sydney, in medium density apartments, land subdivision, childcare facilities and commercial property.

The Macarthur management team is experienced in the high value add functions of site identification and acquisition, site planning, project management, opening and operating Long Day Care services.

The following assets have been identified for built to purpose development by Macarthur.

Long Day Care	
Property	The Lilydale Property
Location	Metro
Size	Target 110 places
Property development	Completion 2024
Business operator	A Subsidiary of Macarthur

Residential Land Lease Community housing	
Property	The Yarrawonga Property
Location	Regional
Size	155 house lots
Property development	Completion mid 2020s
Business operator	Zest Living

Property	The Irymple Property
Location	Regional
Size	Target 110 places
Property development	Completion 2024
Business operator	A Subsidiary of Macarthur

Property	The Fyansford Development
Location	Metro
Size	Target > 100 house lots
Property development	Completion mid 2020s
Business operator	Zest Living

Each project being developed by Macarthur under its own, develop, operate, strategy has its origins within the Macarthur 'built to purpose' philosophy which has successfully delivered prior projects undertaken by Macarthur management.

LONG DAY CARE: OFFICER

LONG DAY CARE: GREENVALE

4. PORTFOLIO OVERVIEW

4.1 Macarthur Social Infrastructure portfolio introduction

Macarthur's Social Infrastructure asset portfolio (including assets to be acquired) is classified into two categories based on the generic description of the community and summarised as follows:

- Long Day Care: provision of Long Day Care services for children aged six weeks to six years old, designed to help families and employers better address the challenges of family life and work.
- Residential Land Lease Community housing: a sub sector within the broader aged accommodation industry providing affordable community-based living for older citizens seeking options in retirement.

The Social Infrastructure asset portfolio that Macarthur owns has the following key characteristics.

Overlap of Macarthur Social Infrastructure sectors		
Social Infrastructure sector	Long Day Care	Residential Land Lease Communities
Single community size	120 to 240 families	150 to 250 lots
Customer	6 weeks to 6 years old	Typically 65+ years old
Branded product offering	Montessori Beginnings	Zest Living
Means tested government funding of customer	Childcare subsidy	Pension rental assistance
Government regulation	✓	✓
Property ownership	✓	✓
Multi-site management	✓	✓
Essential service	✓	✓

4.2 Macarthur Social Infrastructure portfolio summary metrics

As at June 2022 Macarthur's portfolio consists of 8 Long Day Care centre businesses primarily operating under the Montessori Beginnings brand, and 13 owned, partially owned or contracted property assets. Of the 13 owned or partially owned property assets 9 are operating (one under lease by a third party), while another Long Day Care centre development site is scheduled to complete construction in FY23 (i.e. the Swan Hill Property), and permits are being sought for a further 2 development sites (the Lilydale Property and the Irymple Property).

As noted earlier, Macarthur acquired the Zest Living business, which owns the Yarrawonga Property (on which the Yarrawonga Project is being constructed) and has contracted to acquire the Fyansford Property which is intended to be developed and operated as a Zest Living community upon attainment of permits.

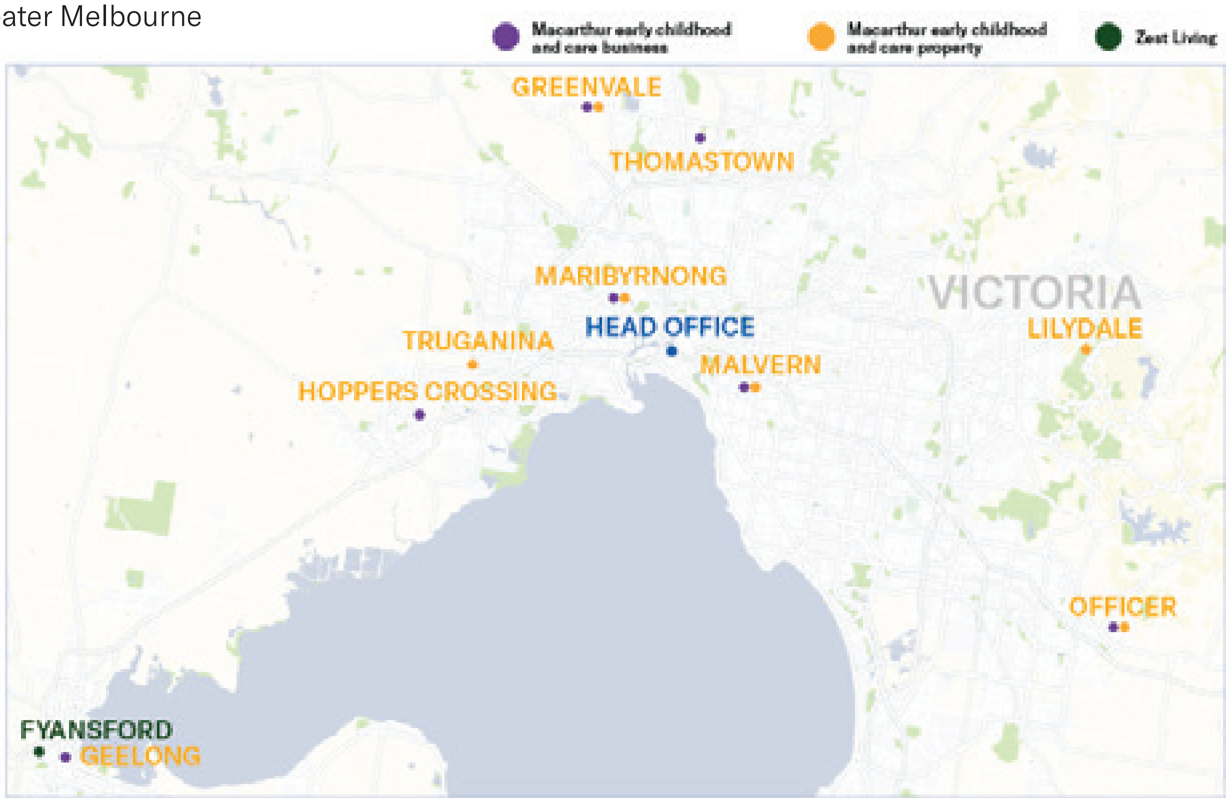
During FY23 the number of Long Day Care businesses operated by Macarthur is scheduled to increase to 9 upon completion of the development of the Swan Hill Property.

Asset	Classification	MNL business ownership	MNL property ownership	Location	Status at Jun-22	Time of acquisition
1. Malvern *Note: Macarthur owns the entity operating a Long Day Care centre from the Malvern Property and is a partial owner of the Malvern Property*						
The Malvern Property MB Malvern	Long Day Care	100%	83%	Metro	Operating	Already acquired
2. Greenvale *Note: Macarthur owns the entity operating a Long Day Care centre from the Greenvale Property and is a partial owner of the Greenvale Property*						
The Greenvale Property MB Greenvale	Long Day Care	100%	83%	Metro	Operating	Already acquired
3. Maribyrnong *Note: Macarthur owns the entity operating a Long Day Care centre from the Maribyrnong Property and is a partial owner of the Maribyrnong Property*						
The Maribyrnong Property MB Maribyrnong	Long Day Care	100%	83%	Metro	Operating	Already acquired
4. Officer						
The Officer Property MB Officer	Long Day Care	100%	25%	Metro	Operating	Already acquired
5. Truganina						
The Truganina Property	Long Day Care	0%	25%	Metro	Operating	Already acquired
6. Thomastown						
MB Thomastown	Long Day Care	100%	0%	Metro	Operating	Already acquired
7. Hoppers Crossing						
MB Hoppers Crossing	Long Day Care	100%	0%	Metro	Operating	Already acquired
8. Mildura						
MB Mildura	Long Day Care	100%	0%	Regional	Operating	Already acquired
9. Swan Hill						
MB Swan Hill The Swan Hill Property	Long Day Care	100%	83%	Regional	Development	Already acquired

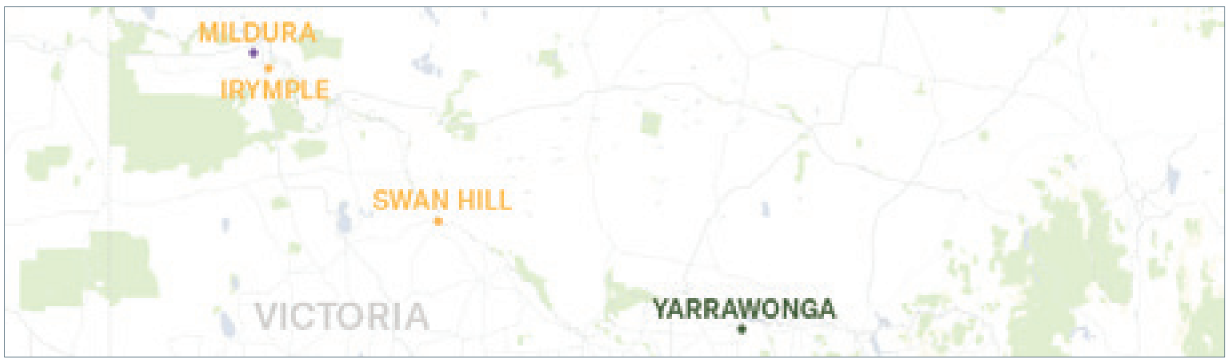
Asset	Classification	MNL business ownership	MNL property ownership	Location	Status at Jun-22	Time of acquisition
10. Geelong						
Bay City Early Learning Centre - Geelong	Long Day Care	100%	0%	Metro	Operating	Already acquired
11. Lilydale						
MB Lilydale	Long Day Care	100%	100%	Metro	Development	Already acquired
The Lilydale Property						
12. Irymple						
MB Irymple	Long Day Care	100%	0%	Regional	Development	Macarthur has entered into a contract to acquire the property.
The Irymple Property						
13. Brunswick						
MB Brunswick	Long Day Care	100%	0%	Metro	Not yet operating, however an agreement for lease has been entered into, see section 13.3(u) for details	N/A
Zest Living - Yarrawonga						
Zest Living and Zest Living Development	Land Lease Community housing	100%	100%	Regional	Project under development	Already acquired.
Zest Living - Fyansford						
Zest Living Fyansford	Land Lease Community housing	100%	100%	Regional	Planning	Macarthur has entered into a contract to acquire the property.
Head Office						
The Head Office Property	Head office	n/a	83%	Metro	Operating	Already acquired

4.3 Macarthur Social Infrastructure portfolio location

Greater Melbourne



Northern Victoria



Operating portfolio	
Asset	**Open date**
Hoppers Crossing	2017
Mildura	2017
Thomastown	2017
Truganina	2017
Officer	2018
Southbank	2018
Greenvale	2020
Malvern	2021
Maribyrnong	2021
Geelong	2022

Development portfolio	
Asset	**Status**
Swan Hill	Construction
Lilydale	Planning
Yarrawonga	Stage 1 development works
Fyansford*	Planning
Irymple*	Planning

*To be acquired

4.4 Portfolio assets

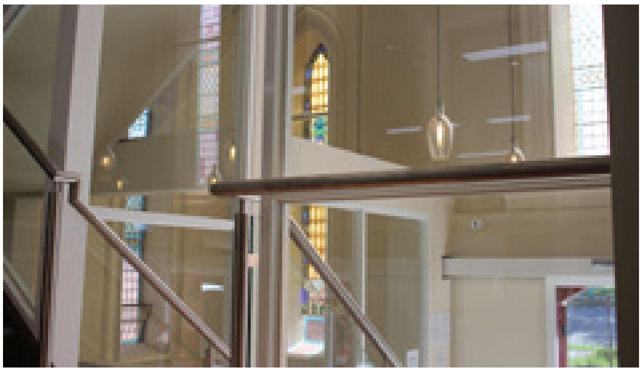
a. Long Day Care portfolio assets

1. Montessori Beginnings Malvern (MB Malvern)

Description

MB Malvern centre is co-located in the same street as the Malvern primary school and is located in the south east of Melbourne. The centre is home to a Montessori Beginnings Long Day Care centre.

Address	14 Spring Road, Malvern VIC 3144
Classification	Long Day Care centre
Centre status	Opened to children in January 2021
Ownership status	Macarthur is the owner of Spring Kids which operates a Long Day Care from this property, as well as the part owner of the Malvern Property itself.



Business information

Macarthur ownership interest	100%
Business age	1 year
Licensed capacity	58 places
Configured capacity	58 places
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	83%
Building age	1 year
Title	Freehold
Land size	~800m2
Independent valuation*	$5.5m

*See Section 12.1 for more information about the independent valuation undertaken.

2. Montessori Beginnings Greenvale (MB Greenvale)

Description

MB Greenvale centre is located on a main road in close proximity to the local primary school and is located in the north of Melbourne. The centre is home to a Montessori Beginnings Long Day Care centre.

Address	985 Mickleham Road, Greenvale, VIC 30599
Classification	Long Day Care centre
Centre status	Opened to children in December 2020
Ownership status	Macarthur is the owner MB Greenvale, which operates a Long Day Care centre from this property, as well as the part owner of the Greenvale Property itself.

Business information

Macarthur ownership interest	100%
Business age	1 year
Licensed capacity	100 places
Configured capacity	88 places
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	83%
Building age	1 year
Title	Freehold
Land size	~2,150m2
Independent valuation*	$6.2m

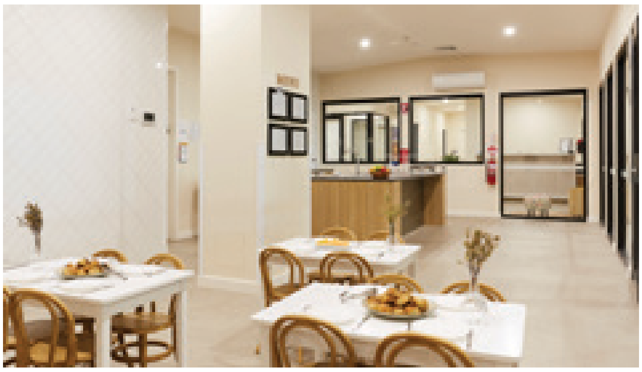
*See Section 12.1 for more information about the independent valuation undertaken.

3. Montessori Beginnings Maribyrnong (MB Maribyrnong)

Description

MB Maribyrnong centre is located within the neighbourhood shopping centre precinct adjoining a family medical clinic and is located in the west of Melbourne. The centre is home to a Montessori Beginnings Long Day Care centre.

Address	31 Edgewater Boulevard, Maribyrnong, VIC 3032
Classification	Long Day Care centre
Centre status	Opened to children in August 2021
Ownership status	Macarthur is the owner of MB Maribyrnong, which operates a Long Day Care centre from this property, as well as the part owner of the Maribyrnong Property itself.



Business information

Macarthur ownership interest	100%
Business age	<1 year
Licensed capacity	96 places
Configured capacity	88 places
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	83%
Building age	<1 year
Title	Strata
Land size	n/a
Independent valuation*	$5.6m

*See Section 12.1 for more information about the independent valuation undertaken.

4. Montessori Beginnings Thomastown (MB Thomastown)

Description

MB Thomastown centre is within a neighbourhood retail precinct and is located in the north of Melbourne. The centre is home to a Montessori Beginnings Long Day Care centre.

Address	251 Settlement Road, Thomastown, VIC 30749
Classification	Long Day Care centre
Centre status	Opened to children in 2017
Ownership status	Macarthur owns MB Thomastown, which operates a Long Day Care centre from this leased premises.

Business information

Macarthur ownership interest	100%
Business age	4 years
Licensed capacity	115 places
Configured capacity	91 places
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	0%
Building age	4 years
Title	Freehold
Land size	n/a
Independent valuation	n/a

5. Montessori Beginnings Hoppers Crossing (MB Hoppers Crossing)

Description

MB Hoppers Crossing centre is adjoins the neighbourhood shopping centre and is located in the west of Melbourne. The centre is home to a Montessori Beginnings Long Day Care centre.

Address	429 Sayers Road, Hoppers Crossing, VIC 3029
Classification	Long Day Care centre
Centre status	Opened to children in 2017
Ownership status	Macarthur owns MB Hoppers Crossing, which operates a Long Day Care centre from this leased premises.

Business information

Macarthur ownership interest	100%
Business age	4 years
Licensed capacity	98 places
Configured capacity	88 places
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	0%
Building age	4 years
Title	Freehold
Land size	n/a
Property manager	n/a
Independent valuation	n/a

6. Montessori Beginnings Mildura (MB Mildura)

Description

MB Mildura centre is located in regional Victoria. The centre is home to a Montessori Beginnings Long Day Care centre, the only Montessori Beginnings Long Day Care centre in Mildura.

Address	638 Etiwanda Avenue, Mildura, VIC 3500
Classification	Long Day Care centre
Centre status	Opened to children in 2017
Ownership status	Macarthur owns MB Mildura, which operates a Long Day Care centre from this leased premises.

Business information

Macarthur ownership interest	100%
Business age	4 years
Licensed capacity	100 places
Configured capacity	88 places
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	0%
Building age	4 years
Title	Freehold
Land size	n/a
Independent valuation	n/a

7. Montessori Beginnings Officer (MB Officer)

Description

MB Officer abuts the Orchard Park Primary School and is located in the south east of Melbourne. The centre is home to a Montessori Beginnings Long Day Care centre.

Address	8 Upton Drive, Officer, VIC 3809
Classification	Long Day Care centre
Centre status	Opened to children in 2018
Ownership status	Macarthur is both the owner of MB Officer, which operates a Long Day Care centre from this property, as well as the part owner of the Officer Property itself.

Business information

Macarthur ownership interest	100%
Business age	3 years
Licensed capacity	120 places
Configured capacity	110 places
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	25%
Building age	3 years
Title	Freehold
Land size	~2,800m2
Independent valuation*	$7.2m

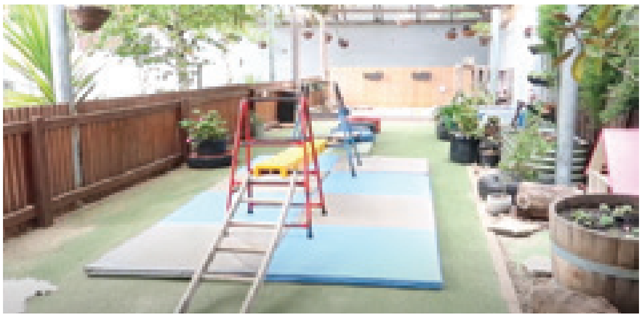
*See Section 12.1 for more information about the independent valuation undertaken.

8. Bay City Early Learning Centre

Description

Bay City Early Learning Centre is located in the Geelong CBD. The centre is home to a play based Long Day Care centre.

Address	16 Little Ryrie Street Geelong VIC 3220
Classification	Long Day Care centre
Centre status	Acquired by Macarthur in 2022
Ownership status	Macarthur owns Bay City Early Learning Geelong, which operates a Long Day Care centre from this leased premises.



Business information

Macarthur ownership interest	100%
Commencement date	2022
Licensed capacity	103 places
Trading brand	Bay City Early Learning

Property information

Macarthur ownership interest	0%
Building age	Est. ~15 years
Title	Freehold
Land size	n/a
Independent valuation	n/a

9. The Swan Hill Property

Description

The Swan Hill Property was acquired as a discontinued childcare centre in the retail precinct of town and is located in regional Victoria. The federation building will be retained, refurbished and extended to become home to a new Montessori Beginnings Long Day Care centre.

Address	100 Beveridge Street, Swan Hill, VIC 3585
Classification	Long Day Care centre
Centre status	Construction
Ownership status	Macarthur partially owns this property.

Business information

Macarthur ownership interest	100%
Commencement date	Planned for 2022
Planning permit capacity	72 places
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	83%
Building age	Est. ~100 yrs
Title	Freehold
Land size	~1,280m2
Independent valuation*	$2.75m

*See Section 12.1 for more information about the independent valuation undertaken.

10. The Lilydale Property

Description The Lilydale Property was originally designed as an art gallery. The building will be retained, refurbished and extended to become home to a new Montessori Beginnings Long Day Care centre.		**Address**	2-4 Victoria Road, Lilydale VIC 3140
		Classification	Long Day Care centre
		Centre status	Planning
		Ownership status	Macarthur owns this property.

Business information

Macarthur ownership interest	100%
Commencement date	Estimated 2024
Planning permit capacity	Estimated ~110
Trading brand	Montessori Beginnings

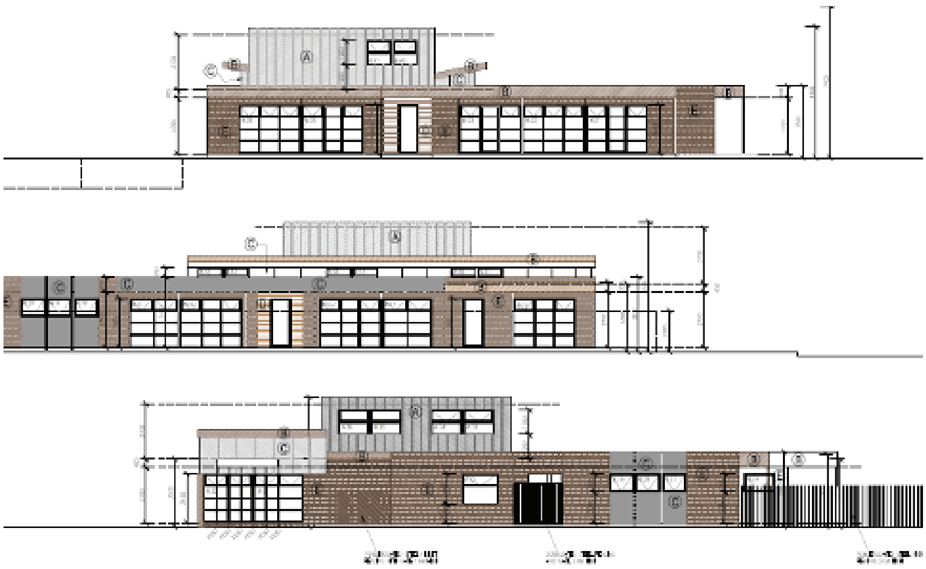
Property information

Macarthur ownership interest	100%
Building age	Est. ~20 years
Title	Freehold
Land size	~4,700m2
Independent valuation*	$3.91m

*See Section 12.1 for more information about the independent valuation undertaken.

11. The Irymple Property

Description	
The Irymple Property is a vacant site in a growth area of the township of Mildura.	
Address	Lot 1, Fifteenth Street, Irymple VIC 3498
Classification	Long Day Care centre
Centre status	Concept design and pre-planning
Ownership status	Macarthur has entered into a contract to acquire this property.



Business information

Macarthur ownership interest	100%
Commencement date	Estimated 2024
Planning permit capacity	Estimated ~110
Trading brand	Montessori Beginnings

Property information

Macarthur ownership interest	Under contract
Building age	n/a
Title	Freehold
Land size	~6,250m2
Independent valuation*	$1.1m

*See Section 12.1 for more information about the independent valuation undertaken.

12. The Truganina Property

Description

The Truganina centre is located on a main road and is located in the west of Melbourne. The centre is leased to Think Childcare and home to a Nido childcare centre.

Address	6 Samsara Avenue, Truganina, VIC 3029
Classification	Long Day Care centre
Centre status	Opened to children in 2017
Ownership status	Macarthur is a part owner of the Truganina Property.

Business information

Macarthur ownership interest	0%
Business age	4 years
Licensed capacity	103 places
Operator	Think Childcare
Trading brand	Nido

Property information

Macarthur ownership interest	25%
Building age	4 years
Title	Freehold
Land size	~2,270m2
Independent valuation*	$6.0m

*See Section 12.1 for more information about the independent valuation undertaken.

b. ZEST LIVING Residential Land Lease Community portfolio asset

1. The Yarrawonga Property

Description

Located in the middle of the Black Bull golf course in the Silverwoods estate, the Yarrawonga Property (once construction is complete) will offer direct access to both the golf course and Lake Mulwala making the 155 lot Land Lease Community proposed to be established on the property idyllically situated to offer residents desired amenities.

Development has commenced on the Yarrawonga Property. Upon development completion, the Yarrawonga Property will comprise 155 homes and resident centre which incorporates a community centre, indoor swimming pool and bowling green.

Macarthur's budgeted total expenditure with respect to the finalisation of this project is approximately $55,500,000. These costs are allocated to a number of development works, including required civil construction works, the constructions of the relevant housing and the construction of community facilities (while allowing for contingency costs). To date, Macarthur has expended approximately $4,500,000 on civil and housing construction.

A portion of the funds raised pursuant to the Offers will be expended to progress this project as detailed in Section 10.6.

Address	S35 Murray Valley Highway, Yarrawonga, VIC 3730
Classification	Residential Land Lease Community
Status	Development: Civil infrastructure construction and marketing
Ownership status	Macarthur owns this property.
Independant valuation*	$14.8 million

*See Section 12.2 for more information about the independent valuation undertaken.

2. The Fyansford Property

Description

The property is nearby to some of Geelong's most beautiful parks and trails and has immediate access to the Geelong Ring Road allowing for a short drive into Geelong CBD, 20 minutes to Victoria's world-renowned Surf Coast beaches and Great Ocean Road.

Investors should note, that while MNL Operations, a fully owned subsidiary of Macarthur, has entered into an agreement to acquire this property, the property is still to be purchased by MNL Operations. Details of the relevant purchase agreement is set out in Section 13.3(w).

Planning permit process has commenced whereby Macarthur is seeking a permit to develop a Land Lease Community which will incorporate residents housing and a resident centre. MNL Operations has applied to the City of Geelong council for the necessary planning permissions noted above on 30 March 2022 and expects that a response will be provided in the second half of 2022. MNL Operations has not received any advice to date from the City of Geelong which indicates that the necessary planning permits will not be granted.

Importantly, if the relevant planning permission is not granted, then the purchase agreement may be terminated by MNL Operations, upon which termination MNL Operations would forfeit $400,000 of the deposit it has already paid under the purchase agreement. However, if the required permits are unable to be obtained, Macarthur may nevertheless determine to proceed with the acquisition if the prevailing property prices at the time would allow Macarthur to on-sell the property
at a higher price to in order to crystallise a gain for the Group.

Address	110 - 120 De Goldis Road Fyansford VIC 3128
Classification	Residential Land Lease Community
Status	Planning
Ownership Status	MNL Operations has entered into a contract to acquire this property.
Independant valuation*	$6.5 million

*See Section 12.3 for more information about the independent valuation undertaken.

c. Macarthur Company Headquarters (i.e. the Head Office Property)

Description		**Independant valuation***	$1.225 million
Address	68 Dorcas Street, Southbank VIC 3006	**Ownership status**	Macarthur partially owns this property (83%).
Classification	Commercial office		
Status	Operating		

*See Section 12.1 for more information about the independent valuation undertaken.

4.5 MANAGEMENT ENTITIES

In addition to the entities acquired (or to be acquired) as part of Macarthur's Social Infrastructure portfolio, Macarthur has also acquired:

a. CVCV Childcare No. 1 Pty Limited ACN 601 708 212 (the **Managing Partner**), which is the company responsible for managing the assets of the Partnership, for which it charges a fee (**Managing Partner Acquisition**); and

b. The management rights to Mobe Growth (Mobe Growth is the wholly owned Subsidiary of Macarthur through which Macarthur operates Long Day Care Centres) (**Management Rights Acquisition**). This was undertaken so that Macarthur could reduce the fees associated with engaging an external manager

4.6 MITRE FOCUS

Macarthur held 6.3% of the issued capital of Mitre Focus SDN BHD (Company No. 735963-A), a company incorporated in Malaysia (Mitre Focus). Mitre Focus in turn owns a 61.7% interest in Sun Land Sdn Bhd (Company No. 45029-D) (Sun Land), a property development company also incorporated in Malaysia.

Macarthur has sold its interest in Mitre Focus.

Macarthur is also owed funds by Mitre Focus, which is expected to be repaid on the terms set out in Section 13.3(cc). Henry Townsing Snr will remain a director of Mitre Focus until the loan has been repaid.

5. INDUSTRY OVERVIEW - CHILDCARE

5.1 Overview of the Australian early learning industry

The Australian early learning industry involves the provision of child care services, mostly to children under 12 years of age. These services include Long Day Care, family day care, occasional care, outside school hours care and vacation care. Long Day Care centres that provide early childhood education services as part of the Federal Government's preschool program are included in the industry, but separate preschools are excluded.

The childcare industry consists of several distinct classes of care. Centre-based day care centres usually care for children under school age in premises specially built or adapted for childcare. Some centres also provide before / after school care and holiday programs for school-aged children. Private operators, local councils, community organisations and nonprofit organisations generally run these centres.

Fees charged at centres are not regulated by the government and are influenced by a variety of factors including movements in award wages, service charging practices, changes to the State regulations and increases in overheads such as rates, utilities and insurance.

Demand for childcare services has increased over the past decade, largely because of population growth, an increase in female workforce participation and changes to government payments and subsidies.

The Childcare Subsidy (**CCS**) was introduced on 2 July 2018, replacing the Childcare Benefit and Childcare Rebate. The introduction of this childcare subsidy was the most significant change to Australia's early childhood system in 40 years and aims to make childcare services more affordable, accessible and flexible.

5.2 Market segments

The Australian early learning industry focusses on the provision of care and early education services for children aged 6 weeks to 6 years old. Services offered typically fall into the following segments:

a. Long Day Care is the largest segment of the childcare industry. Long Day Care has become a significant social service as it is seen as both a mechanism to support labour force participation and as an important form of early learning and education. The sector continues to grow with the number of children enrolled in Long Day Care increasing by over 100,000 to more than 750,000 in the 5 year period from September 2013 to September 2018. Currently, there are over 1.3 million children attending approved childcare in Australia across over 13,500 approved childcare services. 63% of children are enrolled in Long Day Care centres.

b. Outside school hours care primarily provides services for before and after school short-term care and vacation care to children of primary school age. This segment accounted for an estimated 34% of children enrolled in care in 2021.

c. Family day care is care provided in the home of an approved educator. This segment accounted for an estimated 3% of children enrolled in care in 2021.

5.3 Australian 'Long Day Care' industry

Long Day Care (**Long Day Care**) is a centre-based form of child care service that provides all day care for children of (typically) working families. Long Day Care centres are predominantly run by private operators, not-for-profit organisations, employers, government and community groups. Most Long Day Care centres are approved child care services that are entitled to receive the Australian Government's Child Care Subsidy (i.e. the CCS) on behalf of families. Many Long Day Care services also offer kindergarten and pre-school programs.

Long Day Care has become a significant social service as it is seen as both a mechanism to support labour force participation and as an important form of early learning and education. The sector continues to grow with the number of children enrolled in Long Day Care increasing by over 100,000 to more than 750,000 in the five year period from September 2013 to September 2018.

5.4 Occupancy, daily rates and revenue per available place

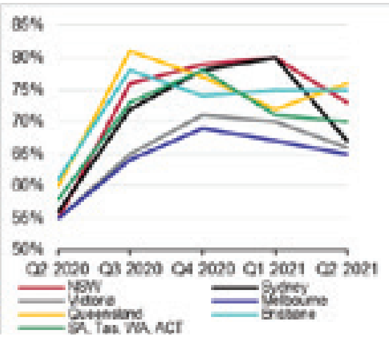
The national occupancy rate, according to Early Years Research, was 71% during the June 2021 quarter, up from 57% over the year, yet down on the previous quarter. Occupancy in Sydney declined 16% from the March quarter to the June quarter.

Average daily rates have increased over the past year, to be $117 nationally during the June quarter. At 100% occupancy, the quarterly average revenue potential per place was $7,100 during the quarter.

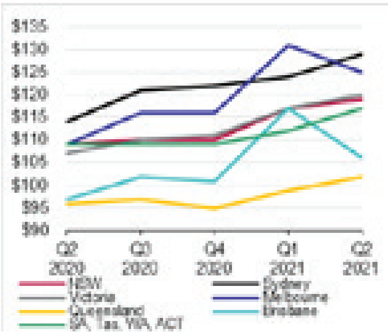
National revenue per available place was $83 during the June quarter, increasing 3.2% over the quarter despite a decrease in occupancy.

According to Early Years Research, new enrolments increased 12% nationally during the June quarter. New South Wales, Queensland, and Brisbane had the lowest percentage of new enrolments, at 10-11%. These locations also have the highest rates of children on a waitlist, with 4.6%, 4.0%, and 7.7% of total active children currently on a waitlist.

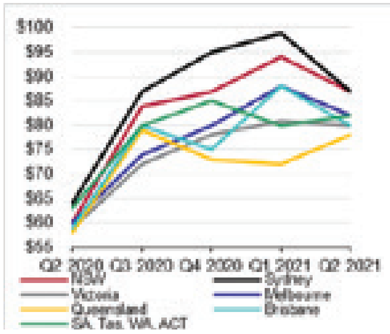
Occupancy



Average Daily Rate



Revenue per Available Place



5.5 Childcare subsidy and affordability

Affordability is a key driver of demand for childcare services. The additional funding to the sector from the introduction of the CCS in July 2018 has improved affordability for lower and middle-income families and increased childcare participation.

The CCS, which is a means- and activity-tested subsidy paid directly to childcare operators to be passed on to families as a fee reduction, is the primary way that the Australian Government assists families with child care fees. Families pay the difference between the provider's fee and the subsidy amount. There are important rules about the fees charged to families. Families can get access to the CCS when their child is unable to attend child care up to 42 days a year.

Eligibility for the subsidy is assessed on a sliding scale, which tapers from 85% to 20% of childcare fees. Families earning up to $70,015 per annum receive a subsidy of 85% of the actual fee charged. The subsidy falls to 20% for families earning up to $354,305. Families earning over $354,305 are not able to access the subsidy. However, the Australian Government has recently made changes to the CCS to help families who currently pay the most and experience the highest barriers to participation in work, including removing the annual earnings cap. Under these changes, from 10 December 2021, for certain eligible families earning more than $190,015 (2021–22 terms) that have already reached the CCS annual cap before 10 December, Services Australia automatically reassessed their CCS entitlement for this time, and back paid CCS for affected sessions of care. Moreover, since 7 March

2022, families with children aged five or under in care receive a higher subsidy for their second child and younger children. Eligibility and access to the changes will be determined by Services Australia in line with their standard eligibility criteria.

5.6 National regulatory framework

The Australian government administers the overarching legislative framework for childcare in Australia with assistance from the states and territories. The national legislative framework consists of the Education and Care Services National Law Act 2010 (Cth) and the Education and Care Services National Regulations (Cth). Since 2012 the National Quality Framework (**NQF**) has been implemented by the government providing a national approach to the regulation and quality assessment processes for childcare services. In a collaborative approach with the States and Territories each State and Territory has legislated the enactment of the national system whilst retaining responsibility for the oversight and assessment for services that operate in their jurisdictions.

The central pillars of the NQF are as follows:

i. Australian Children's Education and care Quality Authority **(ACECQA)** provides oversight and monitoring of the NQF nationally.

ii. Each State and Territory have a nominated regulatory authority that is responsible for assessing, rating and monitoring compliance of individual services.

iii. Early Years Learning Framework which provides a national curriculum framework for children in their pre-school years.

iv. National Quality Standard which provides a seven area assessment framework for childcare services resulting in an overall quality rating that is benchmarked nationally. The assessed areas are as follows:

    a. Educational program and practise;
    b. Children's health and safety;
    c. Physical environment;
    d. Staffing arrangements;
    e. Relations with children;
    f. Collaborative partnerships with families and communities; and
    g. Leadership and service management.

5.7 Childcare investment market

The childcare services industry has grown considerably alongside increases in government funding and childcare attendance. Industry growth has driven new corporate and private investors to enter the industry and as a result, there has been rapid growth in the number of new childcare centres nationally during recent years. Growth in supply has resulted in a supply / demand imbalance in some markets and occupancy rates have come under downward pressure as a result in these markets. This imbalance is expected to correct itself over the coming five years.

With regards to the development of childcare centres, a "bigger is better" approach remains prevalent. Economies of scale work in the favour of larger, well-located centres due mainly to efficiencies with administrative and property costs. Most suburban centres are providing over 100 places and typically take the market share of older less functional centres or seek to fill increased demand as new housing estates are developed. Within metropolitan fringe areas of the city, the conversion of less viable property stock such as B- and C-grade office space to childcare centres is a running trend. There is also a growing trend towards new childcare centres being incorporated in mixed-use developments.

The childcare investment market has performed strongly during recent years. Demand of freehold childcare centres has been driven by long lease terms, above consumer price index ('CPI') annual rent increases and secure tenants. The availability of a reversionary interest in the business is also considered attractive for investors.

Freehold interests are typically trading in the yield band of 4.50% to 6.00%, having tightened over recent years. Yields remain dependant on location, supply/demand, competition, centre size and tenant covenant.

Whilst the early learning sector remains highly fragmented, with many smaller-scale players, there are some large trusts and institutional owners operating (and growing their presence) in the sector, including G8 Education, Charter Hall Social Infrastructure REIT and Arena REIT. Acquisition and merger activity from the major trusts is expected to continue over the foreseeable future as corporate owners are anticipated to continue to look to grow their market share by acquiring smaller centres.

Despite increasing institutional activity, properties in the $2.00 to $5.00 million price bracket also remain in strong demand from self-managed superannuation funds and private investors.

The industry is expected to continue to evolve over the coming five years. There is strong bipartisan government support for the childcare sector that will see continued funding to the sector in recognition of childcare as an essential service.

G8 Education	Charter Hall Social Infrastructure REIT	Arena REIT
444 centres nationwide.	339 centres across Australia, including 33 leasehold properties.	238 centres nationwide.
2 new greenfield centres expected to be opened in 2021.	Total childcare portfolio valuation of $1.217 billion as at June 2021.	Total childcare portfolio valuation of $959 million as at June 2021.
Closed or divested 12 centres in the first half of 2021.	Acquired three centres during the 2021 financial year.	Childcare portfolio passing yield of 5.84% as at June 2021, tightening from 6.24% at June 2020.
Licence capacity (owned centres) of 36,884 places.	10 childcare developments completed in the 2021 financial year, with 9 due for completion in the 2022 financial year.	Arena REIT acquired 7 operating centres and completed 14 developments over the 2021 financial year. The REIT has a development pipeline of 15 projects.
Like-for-like occupancy of 68.0% in first half of 2021.	Childcare portfolio passing yield of 5.7% as of June 2021.	


Barbour

6. INDUSTRY OVERVIEW - LAND LEASE COMMUNITY HOUSING

6.1 Overview of the Land Lease Community industry

Land Lease Communities (**Land Lease Communities**) are a form of affordable residential accommodation whereby individuals purchase a movable dwelling in an estate and occupy the site upon which the dwelling is located under a site license with a fee applicable. The operator (village owner) retains ownership of all land in the residential park and is responsible for maintaining the village, and the resident rents the land on which their relocatable home is situated.

Land Lease Community housing is predominantly marketed at the retirement market. Developments are designed to provide a desirable low maintenance lifestyle for retirees and usually provide a range of suitable facilities such as common rooms, swimming pools and lawn bowling rinks. Due to the lifestyle attributes sought by purchasers, villages are often situated in coastal lifestyle locations. The other major driver of demand for this accommodation is affordability, so parks are therefore often situated in outer metropolitan locations.

Compared with legally defined retirement villages, Land Lease Communities offer a number of advantages to residents including:

- The cost of new homes is generally lower than comparable retirement village self-care units.
- Minimal legal or other ancillary costs.
- Rent assistance reduces weekly fees for eligible pensioners.
- No stamp duty, no entry fees, no exit fees.
- Those eligible for a pension may qualify for rental assistance from the government.
- For those who decide to leave a Land Lease Community at a later stage, the only deduction from the sale price will be the normal real estate scale of commission if ‘village management’ acts in the sale of the home and any deferred management fees.

Due to the occupier profile of Land Lease Communities, the industry is also susceptible to changes to social welfare policy, such as changes to the aged pension. It is also noted that, during 2013, the ATO considered making changes to the GST treatment of site rentals. While this did not proceed, it further served to demonstrate the susceptibility of the industry to external regulation.

6.2 Land Lease Community investment market

Australia is affected by well-documented issues of an ageing population and housing affordability. As a consequence of these economic and social conditions, the outlook for affordable housing directed at the retirement market is positive.

The Land Lease Community industry is in some respects aligned with the general residential property market. Strength in the property market provides buyers with desired equity to purchase a home in a village; with sales demand in strong property markets also being driven by an increased disparity between the cost of standard residential housing and the cost of a movable dwelling. Similarly, weaknesses in the general residential property market can make it more difficult for manufactured home buyers to sell their residence for the required price with the decreased difference from the cost of standard residential housing also reducing the appeal of Land Lease Communities.

A positive for the industry is that there are relatively high barriers to entry to the sector, with a limited supply of suitable available land; development costs causing difficult feasibility for creating new parks; and competing higher and better land uses.

Current investment demand for residential Land Lease Community housing is good for high quality parks with a strong cash flow. However, like many sectors of the property market, the market for secondary assets is difficult. Fully established Land Lease Communities provide a stable income stream, and such villages are highly sought after but tightly held and infrequently transacted. Historical sales activity has been limited with low volumes of Land Lease Communities being offered to the market. This is not a reflection of demand, but rather a lack of supply.

Until more recently, a majority of villages that transacted were sold under duress and under the instructions of receivers and managers, including a number of partially completed home parks. Private investors have also been active including both single asset and portfolio owners. There has however been an increase in activity in recent years as a result of a stronger market and increased interest from institutional investors in this sector including some who have amassed large portfolios in a relatively short period of time.

6.3 Regulatory framework for Land Lease Communities in Victoria

State and local governments administer regulation for the Land Lease Community industry, with each State and Territory having specific legislation regulating Land Lease Communities. As Macarthur proposes to operate its Land Lease Communities in Victoria, this overview will focus on the regulatory framework in Victoria.

Residential tenancies legislation

Land Lease Communities in Victoria are governed by the Part 4 and 4A of the Residential Tenancies Act 1997 (Vic) (**RTA**) and associated regulations, encompassing regulations for the construction and installation of movable dwellings as well as the registration, standard of design, construction and maintenance of movable dwellings, standards of facilities and services in Land Lease Communities as well as the health and safety of residents and short term occupiers of Land Lease Communities. New regulations are intended to be made in late 2022, together with updated policy. As part of this process, the Department of Environment, Land, Water and Planning is currently undertaking a review of the regulations and the operation of the industry.

Under recent changes, including the enactment of the Residential Tenancies Regulations 2021, new regulations apply regarding a ban on rental bidding, new minimum rental standards, allowable modifications renters may make to rental properties, no eviction without a reason, new rules around urgent repairs and updates to some forms for rents and rental providers. These new regulations follow an extensive consultation process from the Victorian community, and apply to Land Lease Communities.

Land Lease Communities are also subject to local government laws and regulations. As operators, there are requirements to register a Land Lease Community with the local council. Furthermore, site tenants can form and take part in committees that represent their interests in the park, with the park operator being required to allow the committee to use suitable communal park facilities for meetings.

Retirement villages legislation

Victorian retirement villages are governed by the Retirement Villages Act 1986 (Vic) (**RVA**), and associated regulations. The RVA defines a retirement village as a community where the majority of residents are retired persons and where retired persons are provided with accommodation and services in exchange for payment (Land Lease Communities are likely to be captured by this definition).

The RVA's primary purpose is to "protect the rights of persons who live in, or wish to live in, retirement villages". This object is achieved via the creation of a statutory right, known as a 'residence right', which gives a resident the right to use the accommodation and services provided for in a retirement village after entering into a contract with the retirement village operator. Similarly, the RVA provides general protections for residents through the requirement of disclosure, prescribed contractual terms, and some limited price controls.

In addition to receiving payment for accommodation and services, retirement village operators can levy maintenance charges payable by a resident for the maintenance of a retirement village. That levy is determined by a formula contained within the RVA itself.

Oversight of the Victorian retirement village industry is done by Consumer Affairs Victoria (**Consumer Affairs**). Consumer Affairs is the body that enforces all the provisions of the RVA.

Consequences for breaches of the RVA include rescission of contracts, enforceable undertakings, and civil penalties (among others).

The Victorian Department of Justice and Community Safety (DJCS) has recently completed a review of the RVA and received submissions from residents, their families, and other advocates, as well as the retirement living industry. DJCS is currently developing proposed changes to the RVA including consideration of any changes necessary to the RVA to ensure effective consumer protections and continued growth and innovation in the sector. There is no proposed timeline for when changes, if any, are to be implemented into the RVA.

6.4 Competitive landscape

Ingenia Communities is a key institutional investor in the sector with 42 'Lifestyle and Holiday Communities' in addition to their budget accommodation space through Ingenia Gardens. Overall, Ingenia manages a property portfolio in the order of $1.1 billion and continues to be one of Australia's largest owners, operators and developers of seniors rental, lifestyle and holiday communities.

Lifestyle Communities is another publicly listed investor. Lifestyle Communities has a portfolio of 4,674 home sites, with 23 communities in planning, development or under management. The group has a focus on Melbourne and Geelong's growth corridors. New communities awaiting commencement are located at Tyabb, Pakenham, Clyde North, Clyde and Rockbank. Site rental fees for Lifestyle Communities homes average $186 for single occupants and $214 for couples. According to the group's most recent investor publication, they are funded and resourced to acquire at least two new sites per annum.

Stockland has also entered the market and currently has two Land Lease Communities and a development pipeline of 3,020 units. Aura (Sunshine Coast) is the group's first Land Lease Community, with the first sales launch occurring in March this year. The group's Land Lease Community pipeline is shown below.

Community	Approximate Units	First Settlements
Aura Queensland	495	FY22
Minta, Victoria	175	FY22
Cloverton, Victoria	460	FY23
Providence, Queensland	220	FY24
Mt Atkinson, Victoria	200	FY24
Follett, Victoria	200	FY24
The Gables, New South Wales	200	FY24
West Dapto, New South Wales	180	FY24
Highlands, Victoria	230	FY25
Botanica, Queensland	220	FY25
Caboolture West, Queensland	220	FY26
Katalia, Victoria	220	FY26

Other market players include, but are not limited to, Hometown Communities and Serenitas. Hometown Communities is a subsidiary of Hometown America Communities. The group has grown over recent years through multiple acquisitions, including the acquisition of Gateway Lifestyle in 2018 for circa $680 million. Serenitas is a joint venture between Tasman Capital Partners and GIC Private Limited, formerly known as Government of Singapore Investment Corporation. The group was established in 2017 after acquiring the National Lifestyle Villages portfolio of Western Australia properties. Serenitas currently has over 3,600 home and development sites across its portfolio of 10 locations. Serenitas plans to continue growing its portfolio through acquisitions, joint ventures and capital partnerships.

6.5 Land Lease Community industry trends

Yields for Land Lease Community villages have compressed considerably over the past decade, however, particularly since 2014 on the back of strong transactional activity. Increased interest from offshore investors has also been a driver behind some of this compression. Whilst yields are at historically low levels, they remain higher than offshore markets and other commercial property classes. Yields currently range between the 5.00% and 7.50% range for villages located within the more popular metropolitan and coastal localities. Parks located in regional areas typically generate slightly softer yields and lower rates per site.

The outlook for the sector is positive. While the Land Lease Community industry is relatively immature in Australia, occupier demand is expected to continue to strengthen as a result of the aging population and declining housing affordability. Institutional investors are expected to continue to increase their presence in the market.

7. FINANCIAL INFORMATION

7.1 Introduction

7.1.1 Financial information

The table below explains the nature of the various entities and assets acquired or to be acquired by the Group, or, (as outlined in Sections 4.4 and Section 13.4(c) of the Prospectus), together with how these entities and assets are reflected in within the Statutory Historical Financial Information and Pro Forma Historical Financial Information.

Entity/Asset	Nature of Entity/Asset	Treatment within the Statutory Historical Financial Information and Pro Forma Financial Information
Mobe Growth	Operating business – during FY2020, FY2021, 1HY2021 and 1HY2022 operated the Long Day Care centres in Laverton (sold in FY2021) Hoppers Crossing, Thomastown, Officer, Mildura and Greenvale (via its Subsidiaries). Mobe Growth was acquired by MNL effective 29 September 2021.	FY2020, FY2021, 1HY2021 and period 1 July 2021 to 28 September 2021 statutory historical consolidated income statements, and statutory historical consolidated cash flow statements are disclosed. For the period 29 September 2021 to 31 December 2021, Mobe Growth is included in the consolidated statutory results of MNL. Included within the: • FY2020, FY2021, 1HY2021 and 1HY2022 pro forma historical consolidated income statements; • FY2020, FY2021, 1HY2021 and 1HY2022 pro forma historical consolidated cash flow statements; and • 31 December 2021 MNL statutory and pro forma consolidated statement of financial position.
Spring Kids	Operating business – during FY2021 and 1HY2022, operated the Long Day Care centre on the Malvern Property. Spring Kids was acquired by MNL effective 30 September 2021.	FY2021 and period 1 July 2021 to 29 September 2021 statutory historical income statements and statutory historical cash flow statements are disclosed. For the period 30 September 2021 to 31 December 2021, Spring Kids is included in the consolidated statutory results of MNL. Included within the : • FY2021 and 1HY2022 pro forma historical consolidated income statements; and • FY2021 and 1HY2022 pro forma historical consolidated cash flow statements;

Entity/Asset	Nature of Entity/Asset	Treatment within the Statutory Historical Financial Information and Pro Forma Financial Information
Bay City Early Learning Geelong	Bay City Early Learning Geelong Pty Ltd (a wholly owned subsidiary of Macarthur) acquired the business and assets of this operating Long Day Care centre trading as Bay City Early Learning Centre from an arm's length third party for total consideration of $280,000 on 31 December 2021.	The acquisition is not considered significant or material to the operating performance of the Company and there is no reliable historical financial information available for the business, as Bay City Early Learning was historically operated internally as part of a larger organisation. Consequently, historical financial information in relation to this business is not included in the Prospectus. The impact of the acquisition of Bay City Early Learning Geelong has been included in the 31 December 2021 pro forma consolidated statement of financial position.
Zest Living and Zest Living Development combined	Zest Living is the operating business – owner and developer of the Yarrawonga Project. The Zest Living development project was acquired post 31 December 2021 on 29 April 2022.	FY2020, FY2021, 1HY2021 and 1HY2022 statutory historical income statements and statutory historical cash flow statements are considered not relevant. 31 December 2021 statutory historical combined statement of financial position is disclosed. Included within the 31 December 2021 pro forma historical consolidated statement of financial position.
The Partnership	Asset owning entity – owns the Officer Property and the Truganina Property.	At 31 December 2021, the MNL Property Trust (MNLPT), through its trustee at the time, Clifstone (a wholly owned subsidiary of Macarthur) held a 9.66% interest in the Partnership which is reflected in Macarthur's statutory historical statement of financial position. Post 31 December 2021, the MNLPT, through its trustee at the time, Clifstone, acquired a further 20.34% interest in the Partnership to take its total interest held in the Partnership to 30.0%. 31 December 2021 statutory historical statement of financial position is disclosed. Acquisition of a 20.34% interest in the Partnership by MNLPT, through its trustee at the time, (to reflect a total interest of 30%) is reflected in the pro forma historical consolidated statement of financial position.

Entity/Asset	Nature of Entity/Asset	Treatment within the Statutory Historical Financial Information and Pro Forma Financial Information
CVCV Childcare No. 1 Pty Limited ACN 601 708 212 (Managing Partner)	Non-trading entity	Acquired by MNL Operations, a wholly owned subsidiary of Macarthur, prior to 31 December 2021. Included within the MNL statutory historical consolidated statement of financial position and pro forma historical consolidated statement of financial position at 31 December 2021.
Montessori Beginnings Pty Ltd (MB 1)	Non-trading entity	Acquired by MNL Operations, a wholly owned subsidiary of MNL prior to 31 December 2021. Included within the MNL statutory historical consolidated statement of financial position and pro forma historical consolidated statement of financial position at 31 December 2021.
The Maribyrnong Property	Asset acquisition	Acquired by Clifstone while it was trustee for MNLPT prior to 31 December 2021. Included within Macarthur's statutory historical consolidated statement of financial position and pro forma historical consolidated statement of financial position at 31 December 2021.
The Greenvale Property	Asset acquisition	Acquired by Clifstone while it was trustee for MNLPT prior to 31 December 2021. Included within the MNL statutory historical consolidated statement of financial position and pro forma historical consolidated statement of financial position at 31 December 2021.
The Malvern Property	Asset acquisition	Acquired by Clifstone while it was trustee for MNLPT prior to 31 December 2021. Included within the MNL statutory historical consolidated statement of financial position and pro forma historical consolidated statement of financial position at 31 December 2021.
Head Office Acquisition	Asset acquisition Referred to as Macarthur's head office	Acquired by Clifstone while it was trustee for MNLPT prior to 31 December 2021.

Entity/Asset	Nature of Entity/Asset	Treatment within the Statutory Historical Financial Information and Pro Forma Financial Information
The Lilydale Property	Asset acquisition.	Mobe Developments, a wholly owned subsidiary of Macarthur, entered into a contract of sale prior to 31 December 2021 and it was settled on 12 May 2022. Acquisition reflected within the 31 December 2021 pro forma historical consolidated statement of financial position.
The Irymple Property	Asset acquisition.	Contract entered into after 31 December 2021. Acquisition reflected within the 31 December 2021 pro forma historical consolidated statement of financial position.
Zest Living – Fyansford Property Acquisition	Asset acquisition.	MNL Operations entered into a conditional property purchase agreement on 10 January 2022 with deposit paid on signing. Payment of $400,000 non-refundable deposit is reflected in the 31 December 2021 pro forma historical consolidated statement of financial position. Given MNL Operations is not committed to complete the acquisition until MNL Operations has been granted planning permission to develop a Land Lease Community which will incorporate resident house and resident care (or MNL Operations waives this condition), the impact of completion of the acquisition has not been included in the pro forma historical consolidated statement of financial position.

The financial information contained in this Section 7 (**Financial Information**) includes historical financial information for MNL, Mobe Growth, Spring Kids, Zest Living and Zest Living Development on a combined basis and the Partnership.

This Section 7 contains a summary of:

- statutory historical financial Information, comprising:
  - MNL's statutory historical income statements for the financial years ended 30 June 2020 (**FY2020**) and 30 June 2021 (**FY2021**) and the six months ended 31 December 2020 (**1HY2021**) and the six months ended 31 December 2021 (**1HY2022**) (**MNL Statutory Historical Income Statements**);
  - MNL's statutory historical cash flow statements for FY2020, FY2021, 1HY2021 and 1HY2022 (**MNL Statutory Historical Cash Flows**);
  - MNL's statutory historical statement of financial position as at 31 December 2021 (**MNL Statutory Historical Statement of Financial Position**);
  - Mobe Growth's statutory historical consolidated income statements for FY2020, FY2021,

1HY2021 and the period 1 July 2021 to 28 September 2021 (**Mobe Growth Statutory Historical Income Statements**);

- Mobe Growth's statutory historical consolidated cash flow statements for FY2020, HY2021, 1HY2021 and the period 1 July 2021 to 28 September 2021 (**Mobe Growth Statutory Historical Cash Flows**);
- Spring Kids' statutory historical income statement for FY2021 and the period 1 July 2021 to 29 September 2021 (**Spring Kids Statutory Historical Income Statement**);
- Spring Kids' statutory historical cash flow statements for FY2021 and the period 1 July 2021 to 29 September 2021 (**Spring Kids Statutory Historical Cash Flows**);
- Zest Living's and Zest Living Development's combined historical statement of financial position as at 31 December 2021 (**Zest Living Statutory Historical Statement of Financial Position**); and
- The Partnership's historical statement of financial position as at 31 December 2021 (**Partnership Statutory Historical Statement of Financial Position**),

(together, the **Statutory Historical Financial Information**); and

- pro forma historical financial information, comprising:
  - MNL's pro forma historical consolidated income statements for FY2020, FY2021, 1HY2021 and 1HY2022 (**Pro Forma Historical Income Statements**); and
  - MNL's pro forma historical consolidated cash flow statements for FY2020, FY2021, 1HY2021 and 1HY2022 (**Pro Forma Historical Cash Flows**); and
  - MNL's pro forma historical consolidated statement of financial position as at 31 December 2021 (**Pro Forma Historical Statement of Financial Position**),

  (together, the **Pro Forma Historical Financial Information**).

The Statutory Historical Financial Information and Pro Forma Historical Financial Information is together referred to as the '**Financial Information**'.

MNL has a 30 June financial year end.

Spring Kids commenced operation of a Long Day Care Centre on the Malvern Property in FY2021 and, therefore, only financial information for FY2021 and 1HY2022 is considered relevant to investors and has been included in this Prospectus.

The operations of Zest Living and Zest Living Development prior to 30 June 2021 related to the development of 7.04 ha of land at 2 Watson Street, South Kingsville, 3015, Victoria, until it was compulsorily acquired by the Western Distributor Authority (Victorian State Government) in April 2017 and subsequent costs were incurred in relation to disputes over the market value of the land at 2 Watson Street, South Kingsville, 3015. In April 2021 agreement was reached with the Victorian Government on a settlement sum, with the final payment for the land received on 28 May 2021. MNL has acquired Zest Living and Zest Living Development to acquire the Yarrawonga Property (with associated debt), and selected assets and liabilities related to the historical activities of Zest Living and Zest Living Development and the land at 2 Watson Street, South Kingsville, 3015 have been carved out of the acquisition agreement. Consequently, information in relation to the historical financial performance and cash flows of Zest Living and Zest Living Development has not been included in this Prospectus on the basis that it is of no relevance to potential investors.

In addition, Section 7 summarises:

- the basis of preparation and presentation of the Financial Information (see Section 7.2);
- information regarding certain non-IFRS financial measures (see Section 7.2.3);

- the key pro forma operating and financial metrics (see Section 7.3.1);
- the pro forma adjustments to the Statutory Historical Financial Information (see Sections 7.3, 7.4 and 7.5);
- information regarding liquidity and capital resources (see Section 7.5.1);
- information regarding MNL's contractual obligations, commitments and contingent liabilities (see Section 7.5.2);
- management's discussion and analysis of the pro forma Historical Financial Information (see Section 7.6);
- a description of MNL's critical accounting policies (see Section 7.7); and
- MNL's dividend policy (see Section 7.8).

The information in this Section 7 should also be read in conjunction with the risk factors set out in Section 8 and other information contained in this Prospectus.

All amounts disclosed in Section 7 and the Appendices are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest dollar. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any differences between totals and sums of components in figures or tables contained in this Prospectus are due to rounding.

7.2 Basis of preparation and presentation of the Financial Information

7.2.1 Overview and preparation and presentation of the Financial Information

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flow and financial position of MNL.

Given the ongoing economic impact of the COVID-19 pandemic and the impact of government measures in response to the COVID-19 pandemic, there are significant uncertainties associated with forecasting the future revenues and expenses of the Company following completion of the various Acquisitions. On this basis, the Directors believe that there is no reasonable basis for the inclusion of financial forecasts in this Prospectus.

The Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards (**AAS**) adopted by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board and MNL's accounting policies. MNL's significant accounting policies are described in Appendix A.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles of AAS other than it includes certain adjustments which have been prepared in a manner consistent with AAS, that reflect

a. the exclusion of certain transactions that occurred in the relevant periods; and
b. the impact of certain transactions as if they had occurred on or before 31 December 2021.

The Pro Forma Historical Financial Information does not reflect the actual financial results and cash flows of MNL for the periods indicated. The Directors of MNL believe that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis.

The Financial Information is presented in an abbreviated form and it does not include all of the presentation and disclosures, statements or comparative information required by AAS and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

In addition to the Financial Information, Section 7 describes certain non-IFRS financial measures that MNL uses to manage and report on the business that are not defined under or recognised by AAS or IFRS.

Independent Limited Assurance Report

The Financial Information has been reviewed by RSM Corporate Australia Pty Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information as stated in its Independent Limited Assurance Report set out in Section 11. Investors should note the scope and limitations of the Independent Limited Assurance Report.

7.2.2 Preparation of the Financial Information

The Financial Information has been presented on both a statutory and a pro forma basis.

MNL Statutory Historical Financial Information

The Statutory Historical Financial Information for FY2020 and FY2021 for MNL has been derived from the FY2020 and FY2021 audited general purpose financial statements of MNL.

The general-purpose financial statements of MNL for FY2020 and FY2021 were audited by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified audit opinion for each period's financial statements.

The Statutory Historical Financial Information for 1HY2021 and 1HY2022 for MNL has been derived from the 1HY2021 and 1HY2022 reviewed general purpose interim financial statements of MNL.

The general-purpose interim financial statements of MNL for 1HY2021 and 1HY2022 were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified review conclusion for each period's financial statements.

Mobe Growth Statutory Historical Financial Information

The Statutory Historical Financial Information for FY2020, FY2021 and the period 1 July 2021 to 28 September 2021 for Mobe Growth has been derived from the FY2020, FY2021 and 1 July 2021 to 28 September 2021 special purpose financial statements of Mobe Growth.

The Statutory Historical Financial Information for 1HY2021 for Mobe Growth has been derived from the 1HY2021 special purpose interim financial statements of Mobe Growth.

The special purpose financial statements of Mobe Growth for FY2020 were audited by TBT Accounting Pty Ltd in accordance with Australian Auditing Standards. TBT Accounting Pty Ltd issued an unqualified audit opinion for each period's financial statements.

The special purpose financial statements of Mobe Growth for FY2021 and 1 July 2021 to 28 September 2021 were audited by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified audit opinion on both the FY2021 and 1 July 2021 to 28 September 2021 financial statements.

The special purpose interim financial statements of Mobe Growth for 1HY2021 were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified review conclusion on the 1HY2021 financial statements.

Spring Kids Statutory Historical Financial Information

The Statutory Historical Financial Information for FY2021 for Spring Kids has been derived from the FY2021 special purpose financial statements of Spring Kids.

The special purpose financial statements of Spring Kids for FY2021 were audited by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified audit opinion on the FY2021 financial statements.

The Statutory Historical Financial Information for the period 1 July 2021 to 29 September 2021 for Spring Kids has been derived from the unaudited management accounts of Spring Kids for the period 1 July 2021 to 29 September 2021. Having regard to the requirement of RG 228 Prospectuses: Effective disclosure for retail investors, MNL management has determined that the results of Spring Kids for this interim period are not significant or material to the pro forma historical financial performance or cash flows of MNL and, therefore, the inclusion of unaudited financial information is reasonable.

Zest Living and Zest Living Development Statutory Historical Statement of Financial Position

The Statutory Historical Statement of Financial Position as at 31 December 2021 for Zest Living and Zest Living Development has been derived from the 1HY2022 special purpose interim financial statements of Zest Living and Zest Living Development.

The special purpose interim financial statements of Zest Living and Zest Living Development for 1HY2022 were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified review conclusion on the 1HY2022 financial statements.

Partnership Statutory Historical Statement of Financial Position

The Statutory Historical Statement of Financial Position as at 31 December 2021 for the Partnership has been derived from the 1HY2022 special purpose interim financial statements of the Partnership.

The special purpose financial statements of the Partnership for 1HY2022 were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified review conclusion on the 1HY2022 financial statements.

Pro Forma Financial Information

The Pro Forma Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus. The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information of MNL and adjusted for the effects of the pro forma adjustments.

Section 7.3 Table 7.3 sets out the pro forma adjustments made to the Statutory Historical Income Statements and a reconciliation of the Statutory Historical Income Statements to the Pro Forma Historical Income Statements.

Section 7.4 Table 7.8 sets out the pro forma adjustments to the Statutory Historical Cash Flows and a reconciliation of the Statutory Historical Cash Flows to the Pro Forma Historical Cash Flows. Pro forma adjustments were made to the Statutory Historical Cash Flows to reflect the cash impact of the pro forma adjustments to the Statutory Historical Cash Flows.

Section 7.5 Table 7.12 sets out the pro forma adjustments to the Statutory Historical Statement of Financial Position, and a reconciliation of the Statutory Historical Statement of Financial Position to the Pro Forma Historical Statement of Financial Position. Pro forma adjustments were made to the Statutory Historical Statement of Financial Position to reflect the impact of the Acquisitions, the disposal of MNL's equity investment in Mitre Focus and the Offer as if they had occurred as at 31 December 2021.

General

In preparing the Financial Information, MNL's accounting policies have been consistently applied throughout the periods presented.

Investors should note that past results are not a guarantee of future performance.

Going concern

The Financial Information for 1HY2022 has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business.

The Directors believe that there are reasonable grounds that MNL will be able to continue as a going concern.

7.2.3 Explanation of certain non-IFRS financial measures

To assist in the evaluation of the performance of MNL, certain measures are used to report on the Company that are not recognised under AAS or IFRS. These measures are collectively referred in this Section 7 and under Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as 'non-IFRS financial measures'. The principal non-IFRS financial measures that are referred to in this Prospectus are as follows:

- **EBITDA** is earnings/ (losses) before interest (net finance income), taxation, depreciation and amortisation. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation, amortisation and before interest and taxation. MNL also calculates EBITDA margin, which is EBITDA expressed as a percentage of total revenue. EBITDA can be useful to help understand the cash generation potential of the business. EBITDA and EBITDA margin should not be considered as an alternative to measures of cash flow under IFRS and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the results of MNL's operations;
- **EBIT** is earnings/ (losses) before interest (net finance income) and taxation; and

Although the Directors believe that these measures provide useful information about the financial performance of MNL, they should be considered as supplements to the income statement or cash flow statement measures that have been presented in accordance with AAS and IFRS and not as a substitute for them. As these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way MNL calculated these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

7.3 Pro Forma historical income statements

Table 7.1 sets out a summary of the Pro Forma Historical Income Statements of MNL for FY2020, FY2021, 1HY2021 and 1HY2022. The Pro Forma Historical Income Statements are reconciled to the respective historical income statements in Section 7.3.2.

TABLE 7.1: Summary of Pro Forma Historical Income Statements

Pro Forma Historical Income Statements $	Notes	FY2020	FY2021	1HY2021	1HY2022
Operating Income	1	5,419,034	7,953,554	3,030,320	6,169,920
Other Income	2	1,078,348	1,236,064	1,388,615	86,964
Total Income		**6,497,382**	**9,189,618**	**4,418,935**	**6,256,884**
Expenses					
Employee benefit expenses		(3,845,134)	(5,488,097)	(2,357,966)	(4,355,152)
Occupancy expenses		(289,686)	(442,773)	(149,849)	(314,617)
Direct expenses		(199,273)	(246,980)	(90,971)	(186,777)
Administrative expenses		(90,687)	(176,550)	(204,250)	(500,920)
Other expenses		(769,691)	(1,149,045)	(291,610)	(203,616)
Total Expenses		**(5,194,471)**	**(7,503,445)**	**(3,094,646)**	**(5,561,082)**
EBITDA		**1,302,911**	**1,686,173**	**1,324,289**	**695,802**
Depreciation expense of property, plant and equipment		(57,183)	(63,646)	(20,630)	(64,111)
Depreciation expense of right of use assets		(949,853)	(1,121,205)	(502,892)	(593,517)
EBIT		**295,875**	**501,322**	**800,767**	**38,174**
Finance costs - interest and finance charges		(13,613)	13,757	(66,447)	(714,203)
Finance costs - interest expense on lease liabilities		(751,059)	(784,542)	(368,837)	(300,380)
Profit/(loss) before income tax		**(468,797)**	**(269,463)**	**365,483**	**(976,409)**
Income tax expense		42,407	(128,878)	(206,405)	700,139
Net profit/(loss) for the period		**(426,390)**	**(398,341)**	**159,078**	**(276,270)**

Notes:

1. *Operating income primarily relates to childcare fees and Centrelink childcare subsidies received together with external rental income in 1HY2022.*
2. *Other income primarily relates to childcare and kindergarten funding and grants.*

7.3.1 Key operating and financial metrics

Table 7.2 sets out MNL's key pro forma historical operating and financial metrics for FY2020, FY2021, 1HY2021 and 1HY2022.

TABLE 7.2: Pro forma historical key operating and financial metrics

Pro Forma Historical Key Operating Metrics	FY2020	FY2021	1HY2021	1HY2022
Total income	6,497,382	9,189,618	4,418,935	6,256,884
EBITDA	1,302,911	1,686,173	1,324,289	695,802
EBITDA margin	20.1%	18.3%	30.0%	11.1%
Operating expenses (% total income)	79.9%	81.7%	70.0%	88.9%

7.3.2 Pro forma adjustments to the Statutory Historical Income Statements

Table 7.3 sets out the pro forma adjustments that have been made to the Statutory Historical Income Statements.

TABLE 7.3: Pro forma adjustments to the Statutory Historical Income Statements

$ Period	Notes	FY2020	FY2021	1HY2021	1HY2022
Statutory Total Income		18,521	24,389	3,701	3,420,431
Statutory Total Income - Mobe Growth	1	6,478,861	8,688,159	4,415,234	2,565,840
Statutory Total Income - Spring Kids	2	-	477,070	-	270,613
Pro Forma revenue		**6,497,382**	**9,189,618**	**4,418,935**	**6,256,884**
Statutory Total Expenses		(129,080)	(699,546)	(553,801)	(4,458,749)
Adjust for impairment of investment in associate	3	-	349,551	349,551	-
Adjust for impairment of property	4	-	-	-	1,001,908
Adjust for capital raising expenses	5	38,393	173,445	-	-
Statutory Total Expenses - Mobe Growth	1	(5,103,784)	(6,824,342)	(2,890,396)	(1,898,988)
Statutory Total Expenses - Spring Kids	2	-	(502,553)	-	(205,253)
Pro Forma total expenses		**(5,194,471)**	**(7,503,445)**	**(3,094,646)**	**(5,561,082)**
Statutory Net Loss for the year		(110,793)	(675,213)	(550,100)	(931,613)
Adjust for impairment of investment in associate	3	-	349,551	349,551	-
Adjust for impairment of property	4	-	-	-	1,001,908
Adjust for capital raising expenses	5	38,393	173,445	-	-
Statutory Net Loss for the period – Mobe Growth	1	(353,990)	(206,977)	359,627	(390,785)
Statutory Net Loss for the period - Spring Kids	2	-	(39,147)	-	44,220
Pro Forma Net profit/(loss) for the period		**(426,390)**	**(398,341)**	**159,078**	**(276,270)**

Notes:

1. *MNL completed the acquisition of Mobe Growth effective 28 September 2021 and consequently, the Pro Forma Statutory Historical Income Statements have been adjusted to include the historical performance of Mobe Growth for FY2020, FY2021, 1HY2021 and the period 1 July 2021 to 28 September 2021.*
2. *MNL completed the acquisition of Spring Kids effective 30 September 2021 and consequently, the Pro Forma Statutory Historical Income Statements have been adjusted to include the historical performance of --Spring Kids for FY2021 and the period 1 July 2021 to 29 September 2021 (noting that Spring Kids commenced operating a Long Day Care centre on the Malvern Property in FY2021).*
3. *MNL recognised an impairment expense in relation to its investment in an associate, Mitre Focus, of $350,000 in FY2021. As this expense is not related to the ongoing operations of MNL, with the shares in Mitre Focus being disposed of during 1HY2022, this expense has been adjusted as a pro forma adjustment.*

4. *MNL recognised an impairment expense in relation to the Malvern Property of $1.0m in 1HY2022. As this expense is not related to the ongoing operations of MNL, it has been adjusted as a pro forma adjustment.*
5. *MNL incurred capital raising expenses in FY2020 and FY2021 in relation to preparing for previous proposed offers of Shares in the Company of $38,000 and $173,000, respectively. As these expenses are not related to the ongoing operations of MNL, they have been adjusted as a pro forma adjustment.*

7.3.3 Summary of Statutory Historical Income Statements

MNL

Table 7.4 sets out MNL's Statutory Historical Income Statements for FY2020, FY2021, 1HY2021 and 1HY2022.

TABLE 7.4: Summary of MNL Statutory Historical Income Statements

MNL Statutory Historical Income Statements $	Notes	FY2020	FY2021	1HY2021	1HY2022
Operating Income		-	-	-	3,416,730
Other Income		18,521	24,389	3,701	3,701
Total Income		**18,521**	**24,389**	**3,701**	**3,420,431**
Expenses					
Employee benefit expenses		-	-	-	(2,643,689)
Occupancy expenses		-	-	-	(202,532)
Direct expenses		-	-	-	(109,242)
Administrative expenses		(129,080)	(349,995)	(204,250)	(500,920)
Other expenses		-	-	-	(458)
Impairment of property	2	-	-	-	(1,001,908)
Impairment of investment in associate	1	-	(349,551)	(349,551)	-
Total Expenses		**(129,080)**	**(699,546)**	**(553,801)**	**(4,458,749)**
EBITDA		**(110,559)**	**(675,157)**	**(550,100)**	**(1,038,318)**
Depreciation expense of property, plant and equipment		-	-	-	(51,540)
Depreciation expense of right of use assets		-	(56)	-	(292,499)
EBIT		**(110,559)**	**(675,213)**	**(550,100)**	**(1,382,357)**
Finance costs - interest and finance charges		-	-	-	(106,421)
Finance costs - interest expense on lease liabilities		(234)	-	-	(95,415)
Loss before income tax		**(110,793)**	**(675,213)**	**(550,100)**	**(1,584,193)**
Income tax benefit/(expense)		-	-	-	652,580
Net Loss for the period		**(110,793)**	**(675,213)**	**(550,100)**	**(931,613)**

Notes:

1. *MNL recognised an impairment expense in relation to an investment in its associate, Mitre Focus, of $350k in FY2021. The shares in Mitre Focus were disposed of during 1HY2022. Mitre Focus has a loan due to MNL of $374,236 which is expected to be repaid over the next 12-24 months.*
2. *MNL recognised an impairment expense in relation to the Malvern Property of $1.0m in 1HY2022.*
3. *MNL acquired Mobe Growth effective 28 September 2021 and Spring Kids effective 30 September 2021 and consequently the MNL Historical Income Statements for 1HY2022 include consolidation of these entities post acquisition.*

Mobe Growth

Table 7.5 sets out Mobe Growth's Statutory Historical Income Statements for FY2020, FY2021, 1HY2021 and the period 1 July 2021 to 28 September 2021.

TABLE 7.5: Summary of Mobe Growth Statutory Historical Income Statements

Mobe Growth Statutory Historical Income Statements $	Notes	FY2020	FY2021	1HY2021	1 July 2021 to 28 September 2021
Operating Income		5,419,034	7,496,484	3,030,320	2,495,077
Other Income		1,059,827	1,191,675	1,384,914	70,763
Total Income		**6,478,861**	**8,688,159**	**4,415,234**	**2,565,840**
Expenses					
Employee benefit expenses		(3,845,134)	(5,135,842)	(2,357,966)	(1,516,024)
Occupancy expenses		(289,686)	(343,414)	(149,849)	(114,335)
Direct expenses		(199,273)	(232,461)	(90,971)	(70,310)
Other expenses		(769,691)	(1,112,625)	(291,610)	(198,319)
Total Expenses		**(5,103,784)**	**(6,824,342)**	**(2,890,396)**	**(1,898,988)**
EBITDA		**1,375,077**	**1,863,817**	**1,524,838**	**666,852**
Depreciation expense of property, plant and equipment		(57,183)	(57,075)	(20,630)	(9,288)
Depreciation expense of right of use assets		(949,853)	(1,121,205)	(502,892)	(301,018)
EBIT		**368,041**	**685,537**	**1,001,316**	**356,546**
Finance costs - interest and finance charges		(13,379)	13,757	(66,447)	(607,715)
Finance costs - interest expense on lease liabilities		(751,059)	(784,542)	(368,837)	(204,965)
Loss before income tax		**(396,397)**	**(85,248)**	**566,032**	**(456,134)**
Income tax benefit/(expense)		42,407	(121,729)	(206,405)	65,349
Net profit/(loss) for the period		**(353,990)**	**(206,977)**	**359,627**	**(390,785)**
Profit/(Loss) after income tax expense from discontinued operations	1	(233,742)	70,933	93,661	-
Total comprehensive profit/(loss) for the period		**(587,732)**	**(136,044)**	**453,288**	**(390,785)**

Notes:

1. *In FY2021, Mobe Growth, via its Subsidiary, Montessori Beginnings Laverton Pty Ltd (MB Laverton) disposed of a Long Day Care centre business it owned located in Laverton, Melbourne and consequently, the financial statements of Mobe Growth for FY2021 (including a restatement of FY2020 comparatives) included the financial performance of MB Laverton's business as discontinued operations, separate from the financial performance of continuing operations.*

Spring Kids

Table 7.6 sets out Spring Kids' Statutory Historical Income Statement for FY2021 and the period 1 July 2021 to 29 September 2021.

TABLE 7.6: Summary of Spring Kids Statutory Historical Income Statement

Spring Kids Statutory Historical Income Statements $	FY2021	1 July 2021 to 29 September 2021
Operating Income	457,070	258,113
Other Income	20,000	12,500
Total Income	**477,070**	**270,613**
Expenses		
Employee benefit expenses	(352,255)	(195,439)
Occupancy expenses	(99,359)	2,250
Direct expenses	(14,519)	(7,225)
Other expenses	(36,420)	(4,839)
Total Expenses	**(502,553)**	**(205,253)**
EBITDA	**(25,483)**	**65,360**
Depreciation expense of property, plant and equipment	(6,515)	(3,283)
EBIT	**(31,998)**	**62,077**
Finance costs - interest and finance charges	-	(67)
Loss before income tax	**(31,998)**	**62,010**
Income tax benefit/(expense)	(7,149)	(17,790)
Net profit/(loss) for the period	**(39,147)**	**44,220**

7.4 Pro forma Historical Cash Flows

Table 7.7 sets out MNL's Pro Forma Historical Cash Flows for FY2020, FY2021, 1HY2021 and 1HY2022.

TABLE 7.7: Summary of Pro Forma Historical Cash Flows

Pro Forma Historical Cash Flows $	Notes	FY2020	FY2021	1HY2021	1HY2022
Cash flows from operating activities					
Receipts in the course of operations		7,773,537	10,092,240	4,671,865	6,223,655
Payments in the course of operations		(6,362,962)	(7,745,589)	(4,016,502)	(5,699,444)
Interest paid		(929,818)	(2,926)	(435,284)	983
Interest received		9,977	28,141	5,496	(413,375)
Net cash flows from/(used in) operating activities		**490,734**	**2,371,866**	**225,575**	**111,819**
Cash flows from investing activities					
Recoupment of investment	1	227,632	80,284	80,284	-
Net payments for property, plant and equipment	2	(10,851)	(105,515)	83,551	(8,145,312)
Capitalised investment costs	3	(1,750)	(556,640)	-	-
Payment for security deposit		-	-	-	(68,060)
Deposit paid		-	-	(50,000)	(791,000)
Loans to associated entities/ (Loan repayment from associated entity)		(7,910)	(355)	14,632	(240,205)
Payment for the acquisition of subsidiaries, net of cash acquired	4	(387,874)	(3,215)	-	-
Proceed from sale of subsidiaries	5	-	282,948	902	-
Payment for exploratory cost in the acquisition of business		(5,006)	10,971	10,971	-
Proceeds from release of security deposits		-	18,879	-	(14,296)
Net cash flows (used in)/from investing activities		**(185,759)**	**(272,643)**	**140,340**	**(9,258,873)**
Total net cash flows from/ (used in) operating and investing activities		**304,975**	**2,099,223**	**365,915**	**(9,147,054)**

Notes:

1. *Recoupment of investment relates to distributions received by MNL from its associate investment, Mitre Focus.*
2. *Net payments for property, plant and equipment relates to the acquisition of capital equipment for the various Long Day Care centres and the completion of the acquisition of MNL property investments in 1HY2022.*
3. *Capitalised investment costs relate to refurbishment and expansion works costs that relate to the MNL owned Swan Hill Property.*
4. *Payment for the acquisition of subsidiaries primarily relates to amounts paid by Mobe Growth to acquire operated Long Day Care centres in FY20*
5. *Receipts from the sale of subsidiaries relates to sale proceeds from the sale of MB Laverton's business.*

7.4.1 Pro forma adjustments to the Statutory Historical Cash Flows

Table 7.8 sets out the pro forma adjustments that have been made to the Statutory Historical Cash Flows to reflect the impact of the pro forma earnings adjustments. These adjustments are summarised and explained in the table below.

TABLE 7.8: Pro forma adjustments to the Statutory Historical Cash Flows

$ Period	Notes	FY2020	FY2021	1HY2021	1HY2021
Statutory total net cash flows from/(used in) operating and investing activities		96,238	(723,238)	(62,049)	(9,035,937)
Adjust for capital raising expenses	1	38,393	173,445	-	-
Statutory total net cash flows from/(used in) operating and investing activities for the year Mobe Growth	2	170,344	2,655,023	427,964	266,542
Statutory total net cash flows from/(used in) operating and investing activities for the year Spring Kids	3	-	(6,007)	-	50,959
Payment for the acquisition of subsidiaries, net of cash acquired	4	-	-	-	(428,618)
Pro Forma total net cash flows from/(used in) operating and investing activities		**304,975**	**2,099,223**	**365,915**	**(9,147,054)**

Notes:

1. *MNL incurred capital raising expenses in FY2020 and FY2021 in relation to preparing for the previous proposed offers of Shares in the Company of $38,000 and $173,000, respectively. As these expenses are not related to the ongoing operations of MNL, they have been adjusted as a pro forma adjustment.*
2. *MNL completed the acquisition of Mobe Growth post 30 June 2021 and consequently, the Pro Forma Statutory Historical Cash Flows have been adjusted to include the historical cash flows of Mobe Growth for FY2019, FY2020 and FY2021.*
3. *MNL completed the acquisition of Mobe Growth effective 28 September 2021 and consequently, the Pro Forma Statutory Historical Cash Flows have been adjusted to include the historical cash flows of Mobe Growth for FY2020, FY2021, 1HY2021 and the period 1 July 2021 to 28 September 2021.*
4. *MNL completed the acquisition of Spring Kids effective 30 September 2021 and consequently, the Pro Forma Statutory Historical Cash Flows have been adjusted to include the historical cash flows of Spring Kids for FY2021 and the period 1 July 2021 to 29 September 2021 (noting that Spring Kids commenced operating a Long Day Care centre on the Malvern Property in FY2021).*

7.4.2 Summary of Statutory Historical Cash Flows

MNL

Table 7.9 sets out MNL's Statutory Historical Cash Flows for FY2020, FY2021, 1HY2021 and 1HY2022.

TABLE 7.9: MNL Summary of Statutory Historical Cash Flows

MNL Statutory Historical Cash Flows	Notes	FY2020	FY2021	1HY2021	1HY2022
Cash flows from operating activities					
Receipts in the course of operations		-	108	105	3,466,181
Payments in the course of operations		(129,644)	(241,844)	(92,438)	(3,514,043)
Interest received		-	-	-	246
Interest paid		-	-	-	(208,389)
Net cash flows from/(used in) operating activities		**(129,644)**	**(241,736)**	**(92,333)**	**(256,005)**
Cash flows from investing activities					
Recoupment of investment	1	227,632	80,284	80,284	-
Capitalised investment costs	2	(1,750)	(556,640)	-	-
Payment for security deposit		-	-	-	(68,060)
Deposit paid		-	-	(50,000)	(791,000)
Loan repayment from associate entity		-	-	-	(240,205)
Payment for property, plant and equipment	3	-	(1,931)	-	(8,109,285)
Payment for purchase of business, net of cash acquired		-	(3,215)	-	428,618
Net cash flows (used in)/from investing activities		**225,882**	**(481,502)**	**30,284**	**(8,779,932)**
Total net cash flows from/(used in) operating and investing activities		**96,238**	**(723,238)**	**(62,049)**	**(9,035,937)**

Notes:

1. *Recoupment of investment relates to distributions received by MNL from its associate investment, Mitre Focus.*
2. *Capitalised investment costs relate to refurbishment and expansion works costs that relate to the MNL owned Swan Hill Property.*
3. *Net payments for property, plant and equipment relates to the acquisition of capital equipment for the various Long Day Care centres and the completion of the acquisition of MNL property investments in 1HY2022.*

Mobe Growth

Table 7.10 sets out Mobe Growth's Statutory Historical Cash Flows for FY2020, FY2021, 1HY2021 and the period 1 July 2021 to 28 September 2021.

TABLE 7.10: Mobe Growth Summary of Statutory Historical Cash Flows

Mobe Growth Statutory Historical Cash Flows $	Notes	FY2020	FY2021	1HY2021	1 July 2021 to 28 September 2021
Cash flows from operating activities					
Receipts in the course of operations		7,773,537	9,623,429	4,671,760	2,493,947
Payments in the course of operations		(6,271,711)	(7,267,673)	(3,924,064)	(1,972,833)
Interest paid		(929,818)	(2,926)	(435,284)	737
Interest received		9,977	28,141	5,496	(204,986)
Net cash flows from/(used in) operating activities		**581,985**	**2,380,971**	**317,908**	**316,865**
Cash flows from investing activities					
Net payments for property, plant and equipment		(10,851)	(33,808)	83,551	(36,027)
Loans to associated entities		(7,910)	(355)	14,632	-
Payment for the acquisition of subsidiaries	1	(387,874)	-	-	-
Proceed from sale of subsidiaries	2	-	282,948	902	-
Payment for exploratory cost in the acquisition of business		(5,006)	10,971	10,971	-
Proceeds from release of security deposits/(payment of security deposit		-	14,296	-	(14,296)
Net cash flows (used in)/from investing activities		**(411,641)**	**274,052**	**110,056**	**(50,323)**
Total net cash flows from/(used in) operating and investing activities		**170,344**	**2,655,023**	**427,964**	**266,542**

Notes:

1. *Payment for the acquisition of subsidiaries primarily relates to amounts paid by Mobe Growth to acquire operated Long Day Care centres.*
2. *Receipts from the sale of subsidiaries relates to sale proceeds from the sale of the Long Day Care business operated in Laverton by a Subsidiary of Mobe Growth (Montessori Beginnings Laverton).*

Spring Kids

Table 7.11 sets out Spring Kids' Statutory Historical Cash Flows for FY 2021 and the period 1 July 2021 to 29 September 2021.

TABLE 7.11: Spring Kids Summary of Statutory Historical Cash Flows

Spring Kids Statutory Historical Cash Flows $	FY2021	1 July 2021 to 29 September 2021
Cash flows from operating activities		
Receipts in the course of operations	468,703	263,527
Payments in the course of operations	(409,517)	(212,568)
Net cash flows from/(used in) operating activities	**59,186**	**50,959**
Cash flows from investing activities		
Net payments for property, plant and equipment	(69,776)	-
Proceeds from release of security deposits	4,583	-
Net cash flows (used in)/from investing activities	**(65,193)**	**-**
Total net cash flows from/(used in) operating and investing activities	**(6,007)**	**50,959**

7.5 Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position

Table 7.12 sets out the Statutory Historical Statement of Financial Position of MNL and the pro forma adjustments that have been made to prepare the Pro Forma Historical Statement of Financial Position for MNL. These adjustments take into account the effect of the Zest Living Acquisition, currently contracted child care property acquisitions, other significant transactions and the proceeds of the Offers and related transaction costs as if they had occurred as at 31 December 2021.

The Pro Forma Historical Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of MNL's view of its financial position upon Completion of the Offers or at a future date. Further information on the sources and uses of funds of the Offers is contained in Section 10.6.

(continued on page 96)

TABLE 7.12: Statutory Historical Statement of Financial Position and Pro Forma Historical Statement of Financial Position as at 31 December 2021

$	Notes	Macarthur National Ltd Statutory Historical Balance Sheet 31-December-2021	Zest Living Combined Statutory Historical Balance Sheet 31-December-2021 1	Impact of Zest Living Acquisition 1	Impact of Property Acquisitions and Property Unit Trust Unit Sales 2, 3, 4, 5	Impact of the Offer and other Pro Forma Adjustments (Underwritten) 6. 7	Impact of the Offer and other Pro Forma Adjustments (Full Subscription) 6, 7	Macarthur National Limitd Pro Forma Historical Balance Sheet 31-December-2021 (Underwritten)	Macarthur National Limitd Pro Forma Historical Balance Sheet 31-December-2021 (Full Subscription)
Current assets									
Cash and cash equivalents	1, 2, 4, 5, 6, 7	1,125,378	103,267	(786,000)	(739,702)	1,560,807	10,665,807	1,263,750	10,368,750
Trade and other receivables		1,532,266	51,035	(380,000)	-	(340,807)	(340,807)	862,494	862,494
Loan to an associated entity		-	3,869,985	(3,869,985)	-	-	-	-	-
Total current assets		**2,657,644**	**4,024,287**	**(5,035,985)**	**(739,702)**	**1,220,000**	**10,325,000**	**2,126,244**	**11,231,244**
Non-current assets									
Investment	3	675,513	-	-	(675,513)	-	-	-	-
Property, plant and equipment	8	20,252,727	-	-	5,085,550	-	-	25,338,277	25,338,277
Investment properties	2, 9	-	10,090,078	3,095,922	-	-	-	13,186,000	13,186,000
Equity-accounted investees	4	-	-	-	2,541,762	-	-	2,541,762	2,541,762
Loans to shareholders	1	-	7,373,599	(7,373,599)	-	-	-	-	-
Right of use assets	10	14,231,025	-	-	-	-	-	14,231,025	14,231,025
Deferred tax assets		818,154	-	-	-	-	-	818,154	818,154
Intangible assets	1, 11	10,671,573	-	4,761,076	-	-	-	15,432,649	15,432,649
Other assets		1,174,428	-	-	409,000	-	-	1,583,428	1,583,428
Total non-current assets		**47,823,420**	**17,463,677**	**483,399**	**7,360,799**	**-**	**-**	**73,131,295**	**73,131,295**
Total assets		**50,481,064**	**21,487,964**	**(4,552,586)**	**6,621,098**	**1,220,000**	**10,325,000**	**75,257,540**	**84,362,540**
Current liabilities									
Trade and other payables		728,667	459,889	-	-	-	-	1,188,556	1,188,556
Employee benefit provision		1,203,270	-	-	-	-	-	1,203,270	1,203,270
Interest-bearing loans and borrowings	12	10,000,000	-	-	3,091,500	-	-	13,091,500	13,091,500
Loan from associated entities	1	-	1,080,000	1,320,995	-	-	-	2,400,995	2,400,995
Lease liabilities	10	824,938	-	-	-	-	-	824,938	824,938
Provision for income tax		52,400	-	-	-	-	-	52,400	52,400
Other liabilities		313,078	-	-	-	-	-	313,078	313,078
Total current liabilities		**13,122,353**	**1,539,889**	**1,320,995**	**3,091,500**	**-**	**-**	**19,074,737**	**19,074,737**
Non-current liabilities									
Lease liabilities	10	13,478,942	-	-	-	-	-	13,478,942	13,478,942
Other non-current liability		225,166	-	-	-	-	-	225,166	225,166
Interest-bearing loans and borrowings	13	-	2,925,000	-	-	-	-	2,925,000	2,925,000
Deferred tax liabilities	14	-	4,391,719	-	-	-	-	4,391,719	4,391,719
Total non-current liabilities		**13,704,108**	**7,316,719**	**-**	**-**	**-**	**-**	**21,020,827**	**21,020,827**
Total liabilities		**26,826,461**	**8,856,608**	**1,320,995**	**3,091,500**	**-**	**-**	**40,095,564**	**40,095,564**
Net assets		**23,654,603**	**12,631,356**	**(5,873,581)**	**3,529,598**	**1,220,000**	**10,325,000**	**35,161,976**	**44,266,976**
Equity									
Issued capital	1, 2, 3, 4, 9, 10	23,846,278	4,002	7,070,998	1,723,919	1,220,000	10,325,000	33,865,197	42,970,197
Asset revaluation reserves		1,579,250	-	-	(200,000)	-	-	1,379,250	1,379,250
Retained earnings	11	(1,770,925)	12,627,354	(12,944,579)	47,515	-	-	(2,040,635)	(2,040,635)
Associated with shareholders of Macarthur		23,654,603	12,631,356	(5,873,581)	1,571,434	1,220,000	10,325,000	33,203,812	42,308,812
Outside equity interests	5	-	-	-	1,958,164	-	-	1,958,164	1,958,164
Total equity		**23,654,603**	**12,631,356**	**(5,873,581)**	**3,529,598**	**1,220,000**	**10,325,000**	**35,161,976**	**44,266,976**

Notes:

1. *The Zest Living Acquisition resulted in the issue of 35,462,154 Shares for total equity consideration of $7.1 million.*
   MNL has acquired Zest Living and Zest Living Development to acquire the Yarrawonga Property (with associated debt), and selected assets and liabilities related to the historical activities of Zest Living and Zest Living Development and the land at 2 Watson Street, South Kingsville, 3015 will be carved out of the acquisition agreement. Consequently pro forma adjustments have been included to remove the assets and liabilities as at 31 December 2021 not being acquired as part of the Zest Living Acquisition including loans to associated entities and loans to shareholders.
   Accounting for the acquisition under the requirements of AASB 3 – Business Combinations results in:
   - *an increase in investment properties of $3.1m to reflect the Fair Value of the Yarrawonga Property at the date of the acquisition, as assessed by M3 Property (refer to Section 12.2 for the current Fair Value assessment of the Yarrawonga Property, noting that this valuation takes into account development work undertaken on the Yarrawonga property subsequent to the acquisition by MNL); and*
   - *an increase in intangible assets of $4.8 million related to goodwill and other separately identifiable intangible assets. In accordance with AASB 3 – Business Combinations, within 12 months of the Zest Living Acquisition, MNL will need to undertake a purchase price allocation exercise to assess the fair value of all assets and liabilities acquired, including any separately identifiable intangible assets.*

   The Zest Living Acquisition will also crystallise stamp duty liabilities estimated at c. $0.8 million, which will be capitalised as part of the cost of investment properties, with an associated reduction in pro forma cash and cash equivalents.
   After elimination of a $380,000 loan between Zest Living and MNL, Zest Living has loans payable to associated entities of $2.4m. No formal loan agreements have been entered into in relation to these loans and, consequently, these loans are interest free and repayable on demand.
2. *MNL has entered into contracts to acquire the following Child Care Properties post 31 December 2021 with a deposit of $391,000 having been paid prior to 31 December 2021 in relation to the Lilydale property.*

TABLE 7.13: Post 31 December 2021 Child Care Property Acquisitions

Post 31 December 2021 - Child Care Property contracts	Contracted Cost	Completion/ Estimated Completion
Lilydale Property	3,910,000	May 2022
Irymple Property	1,100,000	August 2022
Total contracted cost	**5,010,000**	

   The above acquisitions are reflected in the pro forma historical balance sheet, resulting in a reduction in cash of $1.53m, a reduction in other non-current assets of 0.39m, and increase in non current borrowings of $3.09m and an increase in property, plant and equipment of $5.01m.
   MNL has entered into a loan facility with EFM in relation to the acquisition of the Lilydale property (refer to Section 13.3(j) for further details) of which $2.5m has been drawn. It is anticipated that MNL will fund 50% of the acquisition of the Irymple Property through further debt facilities. However no debt facility has currently been contracted in relation to the Irymple Property.
   The acquisition of the properties as summarised in Table 7.13 above will also crystallise stamp duty liabilities of c. $0.3 million, which will be capitalised as part of the cost of property, plant and equipment, with an associated reduction in pro forma cash and cash equivalents.
3. *As at 31 December 2021, MNL held a 9.66% interest in the Partnership which was recognised as a non-current investment. The acquisition of a further 20.34% interest in the Partnership results in the total 30% investment being accounted for as an equity-accounted investee, whereby MNL will record the investment based on its share of the fair value of the net assets of the Partnership.*
   The pro forma adjustment, therefore, reflects an increase in equity of $1.7m and an associated increase in equity-accounted investees and a reclassification of investments of $0.7m to equity-accounted investees.
   Table 7.14 sets out the Statutory Historical Statement of Financial Position of the Partnership at 31 December 2021, together with an adjusted Statutory Historical Statement of Financial Position to reflect the current valuations of the properties owned by the Partnership and the pro-rata 20.34% net assets acquired post 31 December 2021 and the total 30% value of the net assets of the Partnership being acquired by MNL.

TABLE 7.14: Partnership Statutory Historical Statement of Financial Position

$	Notes	Partnership Statutory Historical Balance Sheet 31 December 2021	Valuation adjustment	Partnership Statutory Historical Balance Sheet 31 December 2021 Adjusted for Current Property Value
Current assets				
Cash and cash equivalents		111,703	-	111,703
Other receivables		42,522	-	42,522
Total current assets		**154,225**	**-**	**154,225**
Non-current assets				
Investment properties	(a)	13,100,000	100,000	13,200,000
Total non-current assets		**13,100,000**	**100,000**	**13,200,000**
Total assets		**13,254,225**	**100,000**	**13,354,225**
Current liabilities				
Trade and other payables		58,716	-	58,716
Interest-bearing loans and borrowings	(b)	4,820,000	-	4,820,000
Total current liabilities		**4,878,716**	**-**	**4,878,716**
Net assets		**8,375,509**	**100,000**	**8,475,509**
Net assets - 20.34% acquired post 31 December 2021		**1,703,579**	**20,340**	**1,723,919**
Net assets - 30% currently owned by MNL		**2,512,653**	**30,000**	**2,542,653**

Notes:

(a) The current valuations of the investment properties owned by the Partnership are summarised in Table 7.15.

TABLE 7.15: Partnership Investment Properties Valuation Summary

The Partnership - Investment Properties summary $	Valuation
Officer Property	7,200,000
Truganina Property	6,000,000
Total valuation - Partnership Investment Properties	**13,200,000**

(b) As at 31 December 2021, the Partnership has 2 investment loan facilities with a Bank of $2.77 million and $2.14 million respectively, both expiring on 31 March 2023. Both of the loans are fully drawn as the facility limit was voluntarily paid down by a total of $0.09 million during the financial year ended 30 June 2021.

(c) The acquisition of the further 20.34 % interest in the Partnership also crystallised stamp duty liabilities of c. $0.1 million, which will be capitalised as part of the cost of the equity accounted investee, with an associated reduction in pro forma cash and cash equivalents.

4. *Post 31 December 2021, MNL Operations has entered into an agreement with an arm's length third party, Pante Family Developments Pty Ltd, to purchase land in Fyansford (see Section 13.3(w) for further details). The Company has paid a non-refundable deposit in relation to this acquisition of $0.4m and a further refundable deposit of $0.4m in relation to this acquisition resulting in a $0.8m decrease in pro forma cash and cash equivalents and a $0.8m increase in non-current other assets.*
5. *On 11 May 2022, MNL sold 1.96m units in the MNLPT to Eildon Investment for $1 per unit, representing 14.88% of the total units on issue in the MNLPT resulting in an increase in cash of $1.96m and an increase in outside equity interests of $1.96m. MNL has entered into a separate agreement whereby Eildon Investment will fund $0.8m of future development costs of the Swan Hill Development in consideration of 0.8m units in MNLPT. This will take Eildon Investment's total interest in MNLPT to 19.9%.*
6. *Post 31 December 2021, the Company completed a placement of a total of 2,500,000 Ordinary Shares at $0.20 per Ordinary Shares to raise $0.5m resulting in an increase in cash and equity of $0.5m.*
7. *Completion of the Offers will result in:*
   a. an increase in cash and equity of $1.0 million less expenses of the Offers estimated at $0.3 million (Underwritten); and
   b. an increase in cash and equity of $10.6 million less expenses of the Offers estimated at $0.8 million (Full Subscription).
8. *A breakdown of Pro Forma property, plant and equipment is set out in table 7.16 below.*

TABLE 7.16: Pro Forma property plant and equipment summary

Breakdown of Property Plant and Equipment $	
Land and buildings	23,810,550
Construction in progress - Swan Hill Property	1,024,020
Leasehold Improvements	48,905
Plant and equipment	433,932
Computer Equipment	1,403
Motor Vehicle	19,467
Total Pro Forma Property, Plant and Equipment	**25,338,277**

A further breakdown of pro forma land and buildings is set out in table 7.17 below. Land and buildings have been recognised at their current Market Values, as assessed by Charter Keck Cramer.

TABLE 7.17: Pro Forma land and buildings summary

Land and Buildings Summary $	
Maribyrnong Property	5,600,000
Malvern Property	5,500,000
Greenvale Property	6,200,000
Head Office Property	1,225,000
Market Value - Child Care properties held at 31 December 2021 - 100% owned properties	**18,525,000**
Child Care properties contracted to be acquired post 31 December 2021 - Cost including capitalised stamp duty costs	
Lilydale Property	4,125,050
Irymple Property	1,160,500
Total Pro Forma Land and Buildings	**23,810,550**

9. *Investment properties relates to the Yarrawonga Property recorded at acquisition date Fair Value, including estimated stamp duty costs related to the Zest Living acquisition of circa $0.8 million.*
10. *Current and non-current lease liabilities relate to property lease liabilities calculated in accordance with AASB 16 – Leases. Offsetting right of use assets are recognised within non-current assets.*
11. *Intangible assets relates to goodwill and other intangible assets provisionally accounted for as follows:*
    - *Goodwill and other intangible assets – Mobe Growth - $8.7m;*
    - *Goodwill and other intangible assets – Spring Kids - $1.7m;*
    - *Goodwill and other intangible assets – Bay City Early Learning Geelong – $0.3m; and*
    - *Goodwill and other intangible assets – Zest Living (refer note 1) - $4.8m. It should be noted that that Goodwill arises primarily as a result of the recognition of the deferred tax liability of $4.4m as described in note 14.*
12. *MNL's current borrowings as at 31 December 2021 related to a loan from Eildon Funds Management Limited ("EFM"). Further details of the terms of the loan are set out in Section 13.3(d) of this Prospectus.*
    Other non-current borrowings relates to:
    - *a $2.5m bank loan from EFM (refer to section 13.3(l)) in relation to the acquisition of the Lilydale Property; and*
    - *an anticipated $0.6m bank loan facility to fund 50% of the acquisition of the Irymple Property.*
13. *Zest Living's non-current borrowings relates to a bank loan facility for the Yarrawonga property, refer to Section 13.3(y) of this Prospectus for further details in relation to this facility.*
14. *Deferred taxation liabilities recognised by Zest Living represent temporary tax differences arising as a result of the compulsory acquisition of the land at 2 Watson Street, South Kingsville and the use of rollover relief provisions relevant to compulsory acquisitions to defer the taxable gain on this transaction by reducing the tax cost base of assets acquired using these proceeds, including the Yarrawonga Property. Given the intention is to own and operate the assets being acquired using these proceeds, the deferred tax liability is not expected to crystallise into an actual tax liability in the short to medium term.*
15. *Post 31 December 2021, MNL has received repayments of amounts owed by Mitre Focus, an entity which MNL sold its equity investment in during 1HY2022 of $0.34m resulting in an increase in cash and a decrease in trade and other receivables.*

7.5.1 Liquidity and capital resources

Following completion of the Offers, the Company will have at 30 June 2021, on a pro forma basis:

- Cash of $1.3 million (Underwritten) to $10.4 million (full subscription)
- Net debt – excluding lease liabilities of $17.2 million (Underwritten) to $8.0 million (full subscription); and
- Net debt – including lease liabilities of $31.5 million (Underwritten) to $22.4 million (full subscription),

as summarised in Table 7.18 below.

TABLE 7.18: Pro Forma Consolidated Net Cash/(Debt) summary

Pro Forma Consolidated Net Cash/(Debt) $	At 31 December 2021 (Underwritten)	At 31 December 2021 (Full Subscription)
Cash and cash equivalents	1,263,750	10,368,750
Current Borrowings	(13,091,500)	(13,091,500)
Current Loans from Associated Entities	(2,400,995)	(2,400,995)
Non-current borrowings	(2,925,000)	(2,925,000)
Net Debt - Excluding lease liabilities	**(17,153,745)**	**(8,048,745)**
Current lease liabilities	(824,938)	(824,938)
Non-current lease liabilities	(13,478,942)	(13,478,942)
Net Debt - Including lease liabilities	**(31,457,625)**	**(22,352,625)**

The Company expects that it will have sufficient cash to meet its short and medium term operational requirements and other business needs.

Borrowings facilities

The Company's borrowing facilities consist of:

- $10.0 million - 1st mortgage facility provided by Eildon – Refer to Section 13.3(d) of this Prospectus for further details in relation to this facility. The facility will be fully drawn following completion of the Offers and the Acquisitions;
- The Bank Loan (Yarrawonga) – Refer to Section 13.3(y) of this Prospectus for further details in relation to this facility.
- A $2.5m bank loan from EFM in relation to the acquisition of the Lilydale Property. Refer to Section 13.3(l) of this Prospectus for further details in relation to this facility.
- An anticipated $0.6m bank loan facility to fund 50% of the acquisition of the Irymple Property.

After elimination of a $380,000 loan between Zest Living and MNL, Zest Living has loans payable to associated entities of $2.4m. No formal loan agreements have been entered into in relation to these loans and, consequently, these loans are interest free and repayable on demand.

Zest Living's non-current borrowings relates to a bank loan facility for the Yarrawonga property, refer to Section 13.3(y) of this Prospectus for further details in relation to this bank loan facility.

7.5.2 Contractual obligations, commitments and contingent liabilities

MNL has entered into several material contracts that create contractual obligations in the ordinary course of business. Table 7.19 sets out the commitments for these contracts as at the date of the Offers.

TABLE 7.19: Contractual obligations and commitments

	Remaining Commitment as at 31 May 2022
Building contract entered into by Mobe Developments Pty Ltd, a wholly owned Subsidiary of MNL in relation to the construction of a childcare centre on the Swan Hill Property. Total contracted amount $1,307,925.55 (excluding GST) (refer to Section 13.3(e) for details) MNL has agreed to enter into a separate agreement whereby Eildon Investment will fund $0.8m of the amounts payable to the builder in relation to the Swan Hill Development in consideration for 0.8m units in the MNL Property Trust.	$1,049,079
Zest Living commitments under various civil works, design and construction contracts and clubhouse contract. Total contracted amount of $11,049,554 (excluding GST) (refer to Sections 13.3(z), 13.3(aa) and 13.3(bb) for details)	$8,771,055
Fyansford contract (net of deposits paid) (excluding GST)	$5,700,000
Irymple contract (net of deposit paid) (excluding GST).	$990,000

The Company has no contingent liabilities as at the date of the Offers.

7.6 Management discussion and analysis of the Pro Forma Historical Financial Information

This Section 7.6 includes a discussion of key factors that affected MNL's operating and financial performance during the period of the Historical Financial Information

The discussion in this Section focuses on the Pro Forma financial information. The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected the Company's historical operating and financial performance, or everything that may affect the Company's operations and financial performance in the future. The information in this Section 7.6 should be read in conjunction with the risk factors set out in Section 8 and other information contained in this Prospectus.

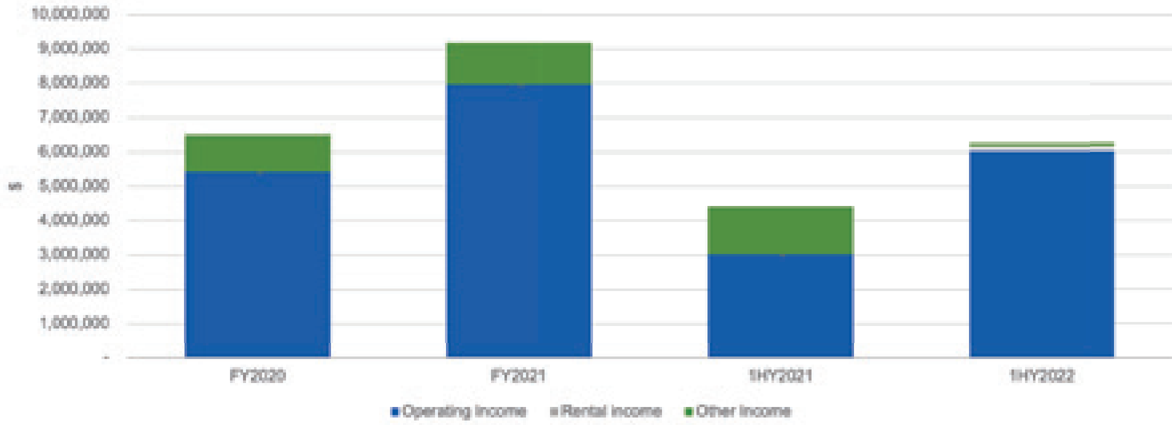
7.6.1 Revenue

Pro Forma Revenue primarily comprises of the following revenue sources:

- childcare fees (operating income);
- government funding and grants for childcare operator (other income);
- rental income in HY2022 following completion of various property acquisitions (rental income).

All operating income is recognised for when bookings are made and other income when the funding is received.

The figure below sets out the Company's Pro Forma Historical revenue for FY2020 and FY2021.



Pro Forma total income demonstrated consistent growth over FY2020 and FY2021, increasing from $6.5m in FY2020 to $9.2m in FY2021 representing growth over the year of 41.4% and increasing from $4.4m in 1HY2021 to $6.3m in 1HY2022 representing year on year growth of 41.6%

The increase in revenue is primarily driven by :

- the increasing number of enrolments (occupancy per session) as Long Day Care centres continue to mature and increase occupancy over time; and
- the number of fully operational Long Day Care centres has grown from 4 Long Day Care centres at the beginning of FY2019 to 8 at the end of 1HY2022.

The table below sets out information about the number of Long Day Care centre places under management and the average occupancy rates.

TABLE 7.20: Childcare operational statistics

As at	30 June 2019	30 June 2020	30 June 2021	31 December 2021	Date of Offer
Number of Childcare places operated*	377	377	523	619	722
Established portfolio occupancy **/***	58.1%	59.3%	84.0%	81.2%	–
2021 new centre occupancy **/***	–	–	54.8%	68.7%	–
2021 total average occupancy	–	–	75.8%	49.3%	–

* *on a configured basis and on a pro forma basis (excluding Laverton childcare centre sold during FY2021)*

** *weighted average occupancy for the final week of the financial year*

*** *established portfolio refers to Hoppers Croosing, Thomastown, Officer & Mildura Childcare Centres*

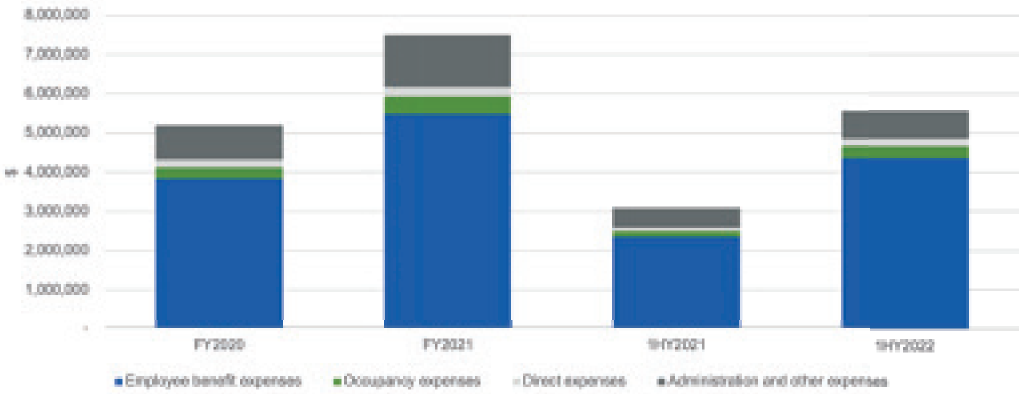
**** *2021 new center occupancy refers to Greenvale & Malvern Childcare Centres*

As noted in the table above, as Long Day Care centres are established, it generally takes time for the occupancy rates to grow. As noted in Section 7.6.3., occupancy growth has also been impacted by COVID-19 restrictions in FY2020 and FY2021.

Post 31 December, the Company is continuing to expand the number of Long Day Care centres under operation through the development of the Swan Hill Property.

7.6.2 Operating expenses

The figure below sets out a breakdown of Pro Forma Historical operating expenses



Employee benefit expenses

Employee benefits include salaries and wages paid to casual and full-time employee and all related payroll on-costs such as superannuation, payroll tax, workcover and leave provisions. The increase in wages is driven by increases in headcount due to increase in the number of Long Day Care centres operate as well as the increased occupancy percentage (with legislated requirements for ratios of children to educators) as well as increases in minimum wages per the childcare-related workplace awards over the historical period.

Occupancy expenses

Occupancy costs include costs associated with the operation of the Long Day Care centres (electricity, maintenance etc.) The increase in costs reflects the increase in the number of centres operated,

Operating lease payments have been accounted for across all periods in accordance with AASB 16, and consequently, occupancy expenses exclude rent lease payments, other than $66k related to Spring Kids in FY2021.

Direct expenses

Direct expenses include consumables and supplies in running Long Day Care centres. The increase in costs is due to increases in the number of centres operated together with the increased enrolment numbers in the centres.

Administrative and other Expenses

Administration and other expenses include insurance, printing and stationery, subscriptions, telephone and internet, website maintenance, bank fees, training, office maintenance and setup. Costs have increased in line with the increased activities of Macarthur's corporate office (i.e. the Head Office Property).

7.6.3 Impact of COVID-19

During FY2020, the infectious disease COVID-19 rapidly spread throughout the world, including in Australia. It was declared a global pandemic in March 2020 by the World Health Organization. There have been considerable economic impacts in Australia and globally arising from the outbreak of COVID-19, with government actions focused on reducing the speed of spread of the virus.

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian federal, State and Territory governments as well as the travel and trade restrictions imposed by Australia and other countries in 2020 and 2021 have caused disruption to businesses and economic activity.

Overall, the COVID-19 pandemic and the lock down restrictions throughout Victoria in FY2020 and FY2021 impacted on the ability for the Company to increase the occupancy rates at its Long Day Care centres in line with plans and forecasts and subsequently the relatively low occupancy rates as noted in table 7.18 were recorded. The impact of lock down restrictions especially impacted on the ability for new childcare centres to attract enrolments, with restrictions on, for example, the ability to hold open sessions for prospective parents (among other things). This has extended the occupancy build up period that Macarthur's Management would have expected for these centres.

As lockdown restrictions have eased, Management expects the impacts on occupancy to ease, accordingly. However, whilst each centre operates in accordance with relevant COVID-safe practices, attendance at a centre by a child or employee that later tests positive for COVID-19 may cause short term disruptions to the operations and financial performance of that centre, due to relevant state government quarantine protocols.

Similarly, Management does not expect ongoing COVID-19 impacts to the development of the Yarrawonga Project, however, short to medium term disruptions may occur in the event of a COVID-19 positive worker being identified as the site.

7.6.5 Jobkeeper disclosures

The table below sets out information in relation to Jobkeeper payments received by MNL on a pro forma basis consistent with the disclosures required by listed entities in accordance with subsection 323DB (1) of the Corporations Act 2001.

TABLE 7.21: Jobkeeper disclosures

Jobkeeper disclosures	FY2020	FY2021
The number of individuals for whom MNL received a jobkeeper payment for a jobkeeper fortnight that ended in the financial year (on a Pro Forma Consolidated basis)	65	65
The sum of all jobkeeper payments MNL received in a jobkeeper fortnight that ended in the financial year (on a Pro Forma Consolidated basis)	$ 604,500	$ 199,500

No jobkeeper payments were voluntarily repaid.

7.7 Critical accounting policies

Preparing financial statements in accordance with AAS requires Management to make judgements, estimates and assumptions about the application of accounting policies that affect the reported revenues and expenses, carrying values of assets and liabilities and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods. Judgements MNL has made in the application of AAS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next financial year are disclosed, where applicable, in the relevant notes to the financial statements. The key areas in which critical estimates and judgements are applied are in respect of goodwill and other indefinite life intangible assets and the COVID-19 pandemic, as described in the significant accounting policies outlined in Appendix A.

7.8 Dividend policy

The payment of dividends by the Company is at the complete discretion of the Directors. Given the stage of development of MNL, the Directors have no current intention to declare and pay a dividend.

In determining whether to declare future dividends, the Directors will have regard to MNL's earnings, overall financial condition, capital requirements and the level of franking credits available. There is no certainty that the Company will ever declare and pay a dividend.

It is the Company's intention that ultimately, any surplus funds generated from net assets not required to fund Macarthur's operations and growth plans be returned to Shareholders as dividends.

8. RISK FACTORS

8.1 Introduction

This Section describes some of the potential material risks associated with the Company following Completion, the industries in which the Company will operate following Completion and the risks associated with an investment in Shares. The Company is subject to a number of risks, both specific to its business activities and of a general nature. These risks may either individually or in combination materially adversely impact the future operating and financial performance of the Company (following Completion), the investment returns and the value of Shares.

The occurrence or consequences of some of the risks described here are partially or completely outside of the control of the Company, its Directors and Management. Investors should note that this Section 8 does not purport to list every risk that may be associated with the Company's business or the industry in which it operates, or an investment in Shares, now or in the future. The selection of risks has been based on the Company's assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge. There can be no guarantee that the Company will achieve its stated objectives, or that any forward-looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance may not be a reliable indicator of future performance.

Before applying for Shares, investors should satisfy themselves that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment for them, having regard to their investment objectives, financial circumstances and taxation position. Investors should seek advice from their stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Company.

8.2 Risks specific to an investment in Macarthur

a. Acquisition risk

As set out in Section 3.3 and 3.4 of this Prospectus, Macarthur's business plan focuses on increasing its presence in the Social Infrastructure industry. Accordingly, Macarthur acquired a series of assets (see Section 4 for details).

Macarthur endeavours to undertake all commercially appropriate due diligence enquiries to ensure the features of the assets it has acquired, or proposes to acquire, align with Macarthur's broader objectives. However, it cannot be guaranteed that Macarthur (and/or its advisors) will always identify all material risks associated with a particular asset. Alternatively, circumstances may change post-acquisition which could have adverse effects. For example:

i. there may be issues with contamination on a piece of real estate which are not known at the time of acquisition, or not properly disclosed;

ii. demand for Land Lease Community services in an area in which a Macarthur development is located may reduce, or may not meet forecasted expectations; and/or

iii. a vendor of a childcare business may give inaccurate information about the business' financial performance, for which Macarthur may not be able to reclaim losses.

A failure to properly identify risks of this nature may result in Macarthur acquiring assets that fall below expectations, which could have a materially negative affect on Macarthur's business, its financial performance and the value of its Shares.

Shareholders should note that in Section 13.3 of this Prospectus, certain key risks relating to specific acquisitions are also explained. Investors should consider this information carefully before deciding whether to subscribe for Shares.

b. Key persons risk

Macarthur's business strategy will be implemented by the Board. It is anticipated that this will provide the Company with an exposure to an extensive network of relationships within the real estate industry. In particular, Henry Townsing Sr (Non-Executive Director) and Henry Townsing Jr (current CEO), have considerable expertise and industry knowledge, both in the real estate and the childcare industry, and their expertise is (and will continue to be) instrumental in executing Macarthur's business plan.

At the same time, the Company's ability to effectively execute its growth strategy depends in large part on retaining and attracting suitably qualified staff at the operational level, as well as providing its personnel with proper training and resources. The loss of key personnel, or any delay in their replacement could negatively impact the Company's financial position and performance.

c. Regulatory risk

The childcare/early learning industry

Early education in Australia is governed by the regulatory framework set out in Section 5.6 of this Prospectus.

In relation to the Acquisitions that relate to early learning and childcare businesses, early education in Australia is principally governed by the *Education and Care Services National Law Act 2010 (Cth)* and the *Education and Care Services National Regulations 2011 (Cth)*."

All of Macarthur's childcare centres must be registered in order to operate and access government funding. ACECQA, the primary governing body responsible for administering Australia's childcare regulatory regime, regularly conducts inspections and assessments of childcare centres. To date, Macarthur enjoys an excellent record in terms of assessments undertaken by the regulator. However, if Macarthur receives an unfavourable assessment, it may be subject to punitive sanctions. For example, if one or more of Macarthur's centres fall materially short of the regulator's requirements:

i. it may need to expend significant resources in undertaking remedial action;

ii. it may become ineligible for government assistance; or

iii. it may be forced to cease operating.

Additionally, changes in the regulatory framework governing early childcare and early childhood education may have a negative impact on Macarthur's business, its financial performance and the value of its Shares. In particular, Macarthur currently relies on the continued provision of the government-administered CCS subsidy (see Section 5.5 for details) for a substantial part of its revenue. If this subsidy is withdrawn or reduced, this could harm Macarthur's profitability, financial condition and growth prospects.

Land Lease Communities sector

As detailed in Section 3.7(b) of this Prospectus, Zest Living is developing a Land Lease Community site in Yarrawonga, Victoria. The operation of Land Lease Communities is principally governed by the RTA and associated regulations.

The provision of land and community services at the Yarrawonga Property, and any further Land Lease Communities developed and operated by Zest Living, are also likely to be governed by the RTA or any analogous or equivalent state legislation, any regulations made pursuant to those acts and any related or ancillary legislation that is enacted from time to time (as applicable).

Any failure to comply with the provisions of the RTA or RVA could impact on Zest Living's (and in turn, Macarthur's) earnings, financial position, reputation and/or growth strategy.

d. Early stage risk

Macarthur is at an early stage in the development of its business model, and operates primarily in the early learning and childcare industry. As a result, investing in Macarthur is speculative and involves variable risk at any point in time with the COVID-19 pandemic an example of one such risk and government industry support another.

Macarthur's business growth plan is contingent, among other things, on successfully building internal capacity to service growth in the uptake of its Long Day Care and Land Lease Community services offerings. If it fails to build this capacity or if it develops slower than anticipated, this could put downward pressure on Macarthur's profitability, its financial performance and/or the value of its Shares.

e. Sufficiency of funding

The funding proposal set out in Section 10.6 is based on the Company's best estimation of cash flow projections and estimated expenditures to carry out its stated objectives as detailed in Section 10.6. While the Company has positive operating cashflow, it has limited financial resources and may need to raise additional funds from time to time (be it through debt or equity) to finance its operations.

The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. The Directors give no assurance that future funds can be raised by the Company on favourable terms, if at all.

As described in Section 13.3, the Group has entered into a number of ongoing lending arrangements with third party lenders. Macarthur's Management is confident that the Group will have the capacity to repay these loans on time. However, changing circumstances (for example, economic downturn, changes in government policy affecting the industries in which Macarthur operates, or decreases in the value of the assets securing these loans) may prejudice the Group's ability to meet its borrowing obligations. This in turn could lead the Group's lenders to (for example):

i. demand early repayment;

ii. take enforcement action to recover the debt; or

iii. refuse to provide further funding.

Any events or circumstances that reduce Macarthur's ability to secure funding or meet its existing obligations could be damaging to its business, financial performance, reputation and/or the value of the Shares.

f. Real estate market risk

Asset values and earnings are subject to real estate market conditions. Increases in supply or falls in demand in any of the sectors of the real estate market in which Macarthur operates could influence the acquisition of sites, the timing and value of the Company's sales and the carrying value of projects and any income producing assets as well as earnings. Changes in market conditions for properties, including vacancy rates, incentive levels and rental rates may impact on any proceeds received from the Company's assets.

Specific factors which might impact on asset values and future earnings include the following:

i. environmental issues and changes to government regulations relating to real estate;

ii. any failure to deliver on or to effectively execute the business strategy or a failure to redefine the strategy to meet changing market conditions;

iii. an increase in capitalisation rates considered appropriate by professional valuers in response to changed market conditions;

iv. changes in the conditions of town planning consents applicable to the Company's projects as a consequence of the unpredictable nature of council policies;

v. variances in the cost of development as a consequence of the imposition of levies by state and local government agencies;

vi. a failure of a significant portion of purchasers to settle on development projects;

vii. the activities of resident action groups; and

viii. land resumptions for roads and major infrastructure, which cannot be adequately offset by the amount of compensation eventually paid.

g. Lease risk

A number of the businesses the subject of the Acquisitions rely upon leases of premises specifically developed to accommodate Long Day Care services. For example, in the case of the Partnership, it acts as the landlord for tenants running childcare businesses. In the case of Long Day Care centres operated by Macarthur, properties may be leased from arm's length third parties. Adverse events in relation to these lease arrangements (for example, increased rents or outgoings, lease disputes or damage to the subject properties) could harm the viability of these businesses. If for example, one of Macarthur's subsidiaries became subject to a dispute with its landlord, it may need to seek alternative premises for its business. On the other hand, if the tenant of the Truganina Property (of which the Partnership is the owner) defaulted on its lease, the Partnership would need to seek an alternative tenant.

h. Staff misconduct risk

The Company is exposed to the risk of misconduct by its staff. While historically, the Company's internal controls and processes have resulted in minimal incidents, there is an ongoing risk that the actions of its staff could engage in misconduct that could materially affect Macarthur's business - in particular, misconduct on the part of one of its childcare centre staff could severely harm its reputation.

i. Insurance risk

While the Company seeks to maintain insurance in accordance with industry practice to insure against the risks it considers appropriate, no assurance can be given as to its ability to obtain such insurance coverage in the future at reasonable rates or that any coverage arranged will be adequate and available to cover any and all potential claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

j. Competition risk

Macarthur's chosen market is subject to domestic and international competition. The actions of MNL's competitors may negatively affect the operating and financial performance of MNL.

Long Day Care industry

Long Day Care services are provided by a variety of organisations. As at December 2020 long day care centre based care accounted for 63% of total services operating in Australia.

Australia's population growth coupled with government support continues to drive the industry, however, new entrants into the market (such as the centres operating on the Greenvale Property, Malvern Property and Maribyrnong Property) will likely face strong competition from established centres

Land Lease Communities

As noted in Section 6.2 of this Prospectus, Land Lease Communities are becoming increasingly popular as an option for working, semi-retired and retired people wishing to downsize and release equity in their home. Although the Land Lease Communities sector is relatively nascent in Australia, competition from other, more established, Land Lease Community providers could impact Zest Living's business, profitability, earnings and growth strategy.

k. Reputational risk

If the Company suffers damage to its reputation, this could have an equally damaging effect on its brand and profitability.

The Company's brand could be jeopardised if it fails to maintain quality services or if the Company, its staff or the third parties it engages for goods and services, fail to comply with regulations or accepted business practices (including ethical, social, labour and environmental standards, or related political considerations).

If damage were to occur to the Company's reputation:

i. the demand for the Company's services may be reduced; and

ii. this may attract more regulatory scrutiny.

This will likely have an adverse effect on revenue margins, profitability and the Company's operations.

l. Industrial relations, workplace health and safety risk

The Group employs a large number of employees across its business, a number of whom are covered by workplace awards that govern their employment entitlements, such as the *Clerks - Private Sector Award 2020, Children's Services Award 2010 and the Education Services (Teachers) Award 2020.*

Macarthur also employs a number of casual employees, and the law around what constitutes 'casual employment' in Australia is subject to frequent changes. Recently, the definition of a casual employee under the Fair Work Act was changed to put greater emphasis on the terms and conditions of the job offer made to the employee and whether the job offer is casual in nature.

Macarthur has recently undertaken an independent audit which has confirmed it is materially compliant with its obligations to its employees. It is also currently undertaking a review its practices with respect to casual employees. If Macarthur breaches its obligations under the applicable workplace legislation (for example, through underpayments, or failing to grant appropriate leave entitlements) it could be exposed to various forms of sanctions including enforceable undertakings, civil penalties and/or an obligation to pay significant back pay.

From a health and safety perspective, many aspects of Macarthur's operations are inherently dangerous. Sales, administration and other staff are exposed to risks, particularly if they are on development sites. Macarthur must comply with various health and safety laws in Australia. Accordingly, if Macarthur violates any of the health and safety laws it is regulated by, there is a risk that penalties and other liabilities incurred could harm Macarthur's reputation and its revenue, profitability and growth.

m. Privacy and data protection practices

Macarthur National's Privacy Policy and Collection Statement do not fully comply with the Australian Privacy Principles under the Privacy Act 1988 (Cth). These represent a regulatory compliance risk that can be readily rectified. To address this Macarthur intends to review and update its privacy policy and collection statement and take steps to inform individuals whose personal information has already been collected. Macarthur will also review its existing procedures and develop and implement appropriate internal privacy and information handling policies and procedures for its operations. . In the interim period, there is a risk of action being taken against by company by the privacy regulator or a third party, which may result in fines or reputational damage to the Company.

Notwithstanding the technical issues identified by the Company in relation to its policies, Macarthur is cognisant of its privacy obligations and the importance of maintaining the private information it has collected - and in taking its obligations seriously, Macarthur has implemented procedures in an effort to protect private information that it has collected.

n. COVID-19

Due to multiple outbreaks of the COVID-19 in Victoria during the course of 2020 and 2021, the Federal and Victorian governments imposed numerous restrictions on the operation of childcare centres, in an effort to contain the spread of the virus. These restrictions included, for example, forced closures of centres, and permitting only persons identified as permitted workers to send their children to childcare (thus reducing the demand for childcare services). During this time, certain businesses owned by Macarthur and operating under the 'Montessori Beginnings' brand, experienced interruption as a result of the COVID-19 pandemic (see Section 7.6.3 of this Prospectus for further details). Although the impacts of the COVID-19 pandemic appear to have subsided, the extent of such effects will depend on future developments which are unpredictable, including the geographic spread of the virus; the overall severity of the disease; the duration of any future outbreaks; the measures that may be taken by various governmental authorities in response to any outbreaks (such as quarantines and travel restrictions) and the possible further impacts on the global economy.

o. Computer systems

Macarthur's IT system uses and relies on integration with third party systems and platforms. The continual provision of services depends on the Company's ability to successfully integrate across various systems and platforms, including as those systems and platforms evolve and develop over time.

In particular, Macarthur relies on third party systems for daily rostering, forecasting, reporting and accounting. Key business processes could be disrupted by many events, including system failures, service outages, corruption of information, cyberattacks, as well as natural disasters, fire or other events of force majeure.

Any major disruption could harm the Company's ability to properly service its customers and operate its business, which could be detrimental to the Company's financial position, performance and reputation.

p. Trademarks

Macarthur does not have registered trademarks for its branding and logos used as part of its business. If a third party were to challenge Macarthur's rights to use its branding (for example, under a claim that such branding infringed a third party's intellectual property), this could harm Macarthur's business and financial position. In particular, as such a challenge may result in Macarthur needing to incur costs in re-branding, as well as losses in goodwill in its current branding.

Although Management acknowledge that it is a competitive market and that there are risks associated with operating with an unprotected mark, the relevant risks are considered to be commercially acceptable by the Company given its current scale of operations and its need to use its financial resources in a prudent manner. Macarthur intends to reconsider its position with respect to registration of its marks as the Group's operations grows and develop further.

8.3 General risks of an investment in Macarthur

a. No market for Shares

As Macarthur is a public but unlisted company, the Shareholders do not have a market to deal in the Shares they may hold from time to time.

b. Further Shareholder dilution

Following Completion, the Company will have sufficient working capital to fund its near-term business operations but may need additional capital to meet its goals as set out in this Prospectus.

Shareholdings at the time may be diluted as a result of such issues of further Shares, which may ensue from the exercise of other securities granted by Macarthur from time to time, or further capital raisings.

c. General economic conditions

The general economic climate may affect the performance of the Company. These factors include the general level of international and domestic economic activity, inflation, unemployment rates, business sentiment, and interest rates. These factors are beyond the control of the Company and their impact cannot be predicted.

d. Taxation laws and their interpretation

Taxation laws are subject to change periodically as is their interpretation by the relevant courts and tax revenue authorities. Changes in tax law or changes in the way tax laws are interpreted may impact the level of tax that the Company is required to pay, Shareholder returns, the level of dividend imputation or franking or the tax treatment of a Shareholder's investment.

Additionally, tax authorities may review the tax treatment of transactions entered into by the Company. Any actual or alleged failure to comply with, or any change in the application or interpretation of, tax rules applied in respect of such transactions, may increase the Company's tax liabilities or expose it to legal, regulatory or other actions.

The tax considerations of investing in the Shares may differ for each Shareholder.

Each prospective investor is encouraged to seek professional tax advice in connection with any investment in the Company.

e. Australian Accounting Standards and their interpretation

The AAS are determined by the AASB and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key income statement and balance sheet items. There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key statements of profit and loss and balance sheet items, may differ. Changes to AAS or changes to the interpretation of those standards may cause unfavourable impact the reported financial performance and position of the Company.

f. Possibility of force majeure events

Events may occur within or outside Australia that may impact the Australian economy, the Company's operations and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. While the Company seeks to maintain insurance in accordance with industry practice to insure against the risks it considers appropriate after consideration of the Company's needs and circumstances, no assurance can be given as to the Company's ability to obtain such insurance coverage in the future at reasonable rates or that any coverage arranged will be adequate and available to cover any and all potential claims. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the Macarthur's business, financial condition and results of the Company.

g. Possibility of litigation

The Company may be involved in litigation disputes with third parties including suppliers, customers, employees, former employees and government bodies in the ordinary course of business. The occurrence of a litigation dispute may be costly and impact on the Company's reputation which may have a material adverse effect on the business, financial condition and results of the Company.

9. KEY PEOPLE, INTERESTS AND BENEFITS

9.1 Board of directors and key management

The Directors and key management of the Company as at Completion offer relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience, as detailed below.

Director	Experience and background
Henry Townsing Sr **Non-executive Director**	**Qualifications** Associate Diploma of Valuation **Experience** Mr Townsing brings over 35 years' experience in investment management across real estate, private equity investment in early stage companies and corporate finance. His real estate career has spanned residential, commercial and agricultural real estate sectors. His recent residential real estate experience has focussed on the creation of new residential communities within established metropolitan areas where he has led large scale in-fill urbanisation and high rise residential projects. He is Chairman of Vita Life Sciences a company listed on the ASX.
Dr Les Fitzgerald **Non-Executive Director**	**Qualifications** RN., RM., Dip Teach Nurs., BEd., MNursStud., PhD. **Experience** Dr Fitzgerald has over 38 years of education experience in the higher education and health sectors. He has extensive experience in curriculum design and development of undergraduate and postgraduate courses and their professional accreditation and qualification. In a senior leadership role, he has implemented online learning, inquiry based learning, clinical practice simulation and flexible learning models throughout major metropolitan and regional hospitals. Currently he leads the development and implementation of a Montessori based education curriculum for early childhood learning and a training program for staff. He is an accomplished writer and national and international speaker with 30 peer-reviewed publications, book chapters and papers to his name. Les has been appointed as an independent Director and the Board considers that Les is free from any relationship that could materially interfere with the independent exercise of his judgement.

Director	Experience and background
Dennis Wilkie **Non-Executive Director**	**Qualifications** MBA. **Experience** Mr Wilkie has extensive experience in local and international capital markets gained during a business career spanning more than 35 years. He possesses a broad range of expertise across many industries, including private equity, property, financing, and renewable energy. He has consistently engaged with entrepreneurs and managers and investors to develop and fund early stage growth companies. He has a specific experience in capital raising for large scale renewable energy infrastructure projects such as ethanol and hydro power generation locally and abroad. He is a co-founder and current CEO of HydroFiji. As a longstanding and early stage director of software company Tiny MCE he played a role to guide its early growth and ultimate successful transition from Australia to Silicon Valley, USA. He has a keen interest in socially responsible investment and broadening lifestyle living options for retiring Australians. Dennis has been appointed as an independent Director and the Board considers that Dennis is free from any relationship that could materially interfere with the independent exercise of his judgement.
Henry Townsing Jr **Appointed CEO of the Company on 1 October 2021**	**Qualifications** BComm, ICAA. **Experience** Mr Townsing Jr has broad experience in the Social Infrastructure sectors in which Macarthur operates. He is experienced in early childhood education and care centre operations, new centre property development and management having led the establishment and build out of Montessori Beginnings since inception. He has overseen Zest Living since its maiden investment in Yarrawonga.
Surinder Sidhu **Chief Financial Officer**	**Qualifications** B.Bus (Acctg), Master of Applied Valuation & Investment, CPA **Experience** Mr Sidhu is a seasoned financier with over 20 years' experience in the Australian and UK markets. He was a London based asset manager overseeing a large portfolio of European assets where he was closely involved with operational and strategic management, debt funding and restructuring. His experience also spans across a broad range of industries having concluded leverage and acquisition finance transactions and restructuring mandates across many different jurisdictions.
Richard Barton **Company Secretary**	**Qualifications** B. Arch, LLB.. **Experience** Mr Barton's career spans around 20 years as a practising architect and 21 as a practising lawyer. During the latter he was the lawyer and company secretary for the Australian Institute of Architects and its subsidiaries for more than 16 years, and over the last 5 years has been the company secretary of various private companies, and of Macarthur and subsidiaries.

9.2 Director and key management disclosures

a. Duties

Each Director and key manager has confirmed to the Company that they anticipate being available to perform their duties without constraint from other commitments and that they have the necessary skills and ability to devote the appropriate time to perform their roles in the Company, considering, among other things, the Company's size and its particular requirements.

b. Disciplinary action

No Director or key manager has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years, which is relevant or material to the performance of their duties as a Director or key manager or which is relevant to a reasonable investor's decision as to whether to subscribe for Shares.

c. Insolvency

AMIGA Partners

Henry Townsing Jr (current CEO of Macarthur) was previously a director of AMIGA Partners Pty Ltd ACN 619 313 398 (**AMIGA Partners**). AMIGA Partners was previously the owner of a number of the subsidiaries that are currently 100% owned by (**Mobe Growth Subsidiaries**) and operating the childcare businesses referred to in Section 4.4.

On 22 February 2018, administrators were appointed to AMIGA Partners, and on 23 April 2018, AMIGA Partners entered into a deed of company arrangement under section 444B(2)(a) of the Corporations Act (**DOCA**). Under the DOCA, Mobe Growth agreed to;

i. Purchase the Mobe Growth Subsidiaries from AMIGA Partners in consideration for approximately $0.75 million from which all creditors were paid in full;

ii. A loan owing by AMIGA Partners to:

   A. CVC Venture Managers (a related party of Macarthur);

   B. Mega Hugo (an arm's length third party); and

   C. the trustee for the Anglo Australian Christian and Charitable Trust (an arm's length third party),

was assigned to Mobe Growth for which an assignment fee was paid in Mobe Growth shares. This loan was repaid in full by Mobe Growth in FY2022.

iii. Pay a further $200,000 on satisfaction of the following conditions:

   A. AMIGA Partners and CC Growth Pty Ltd ACN 619 193 921 (now de-registered but also an entity in which Henry Townsing Jnr was previously a director) (**CC Growth**) obtaining a release from any claims relating to the 'Proceeding' (defined below);

   B. the leases to which the Subsidiaries were party to being transferred to Mobe Growth and the Subsidiaries (previously they were tenanted by other parties); and

   C. an arm's length third party transferring its shares in AMIGA Partners to CC Growth

iv. Amiga Partners shareholder CC Growth undertook a debt for equity swap to be issued 279,663 shares in AMIGA Partners for a total consideration of $167,797.90.

The above arrangement was entered into enabling all creditors to be repaid in full and all employees and families of the Subsidiaries to be retained in employment and care, respectively.

Linked to the above, AMIGA Partners and CC Growth were previously involved in a supreme court proceeding (**Proceeding**). The Proceeding alleged that CC Growth had acted contrary to the interests of the company as a whole and/or had acted in an oppressive, unfairly prejudicial or unfairly discriminatory manner against members of the company. As a result of the Company entering into the DOCA, AMIGA Partners was granted leave to discontinue the Proceeding and in June 2019 the court ordered that there be no order as to costs.

The administration process is now complete and the DOCA has been terminated.

Archicentre Pty Ltd

Richard Barton was previously a company secretary of Archicentre Pty Ltd ACN 001 866 520 (now de-registered) (**Archicentre**). Archicentre was placed into external administration on 6 September 2016 and was de-registered on 27 July 2020.

Advant Pty Ltd

Henry Townsing Sr (a director of Macarthur) is a director of Advant Pty Ltd ACN 002 740 678 (**Advant**) and on 22 August 2017 appointed administrators to Advant. On 16 October 2017, Advant entered into a DOCA. Under the DOCA:

a. Creditors agreed, at their election, to be divided into two groups: accept cash as payment for amounts due or not to participate in the cash payment and for amounts due to remain on foot post the administration.

b. For the control of Advant to revert back to its director upon conclusion of the DOCA.

The administration process was successfully completed and the DOCA terminated in 2018.

Pilmora Pty Ltd

Henry Townsing Sr (a director of Macarthur) is a director of Pilmora Pty Ltd ACN 002 436 400 (**Pilmora**) and on 22 August 2017, administrators were appointed to Pilmora. On 16 October 2017, Pilmora entered into a DOCA. Under the DOCA:

a. Creditors agreed, at their election, to be divided into two groups: accept cash as payment for amounts due or not to participate in the cash payment and for amounts due to remain on foot post the administration.

b. For the control of Pilmora to revert back to its director upon conclusion of the DOCA

The administration process was successfully completed and the DOCA terminated in 2018.

Other than as set out above, no Director or senior manager has been an Officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an Officer or within a 12-month period after they ceased to be an Officer.

9.3 Directors’ and key managers' remuneration

a. Directors' remuneration

Directors are to be remunerated directly by the Company at the following rates which are subject to routine review:

Chairman	Up to $50,000 per annum
Non-executive Directors	Up to $25,000 per annum

Note: *Dennis Wilkie will be paid an additional $7,500 for assistance with drafting this Prospectus.*

b. Key managers' remuneration

Key managers are also to be remunerated directly by the Company at the following rates which are subject to routine review:

Chief Executive Officer - Henry Townsing Jr	$320,000 per annum (incl. superannuation)
Chief Financial Officer - Surinder Sidhu	$227,700 per annum (incl. superannuation)

Note: Henry Townsing Jr has also been invited to participate in the Company's LTIP, and accepted Performance Options, as discussed at Section 9.6(b)(ii) of this Prospectus. The Company anticipates that it will invite Surinder Sidhu to participate in the Company's LTIP.

9.4 Directors' deeds of indemnity, insurance and access

Macarthur has entered into deeds of access, indemnity and insurance with each of its directors. The key terms of these agreements are set out in Section 13.3(dd) of this Prospectus.

9.5 Directors' security holdings

The Directors are not required by the Constitution to hold any Shares.

It is intended that the Directors may apply for Shares under the Offers as set out below. Conditional approval at the Company's most recent general meeting has been obtained from the Shareholders for the issue of these Shares to the Directors.

As part of the Acquisitions, Mr Dennis Wilkie and Dr Leslie Fitzgerald have each subscribed for Shares. Additionally, entities related to Mr Henry Townsing Sr has received certain benefits under the Acquisitions. The number of Shares issued to each of Dennis Wilkie and Leslie Fitzgerald are set out in the table below, while the interests held by Henry Townsing Sr and his related parties are explained in Section 9.6 and Schedule 2 of this Prospectus.

Dr Leslie Fitzgerald may subscribe for New Shares up to a value of $10,000 under the Placement Offer.

Parties with Relevant Interest and Voting Power[1]	Number of Shares to be issued under the Acquisitions	Number of Shares held following Completion of the Offers	Voting Power (%)
Dr Leslie Fitzgerald[2]	400,000	400,000	Less than 1%
Dennis Wilkie	25,000	25,160	Less than 1%
TOTAL	**425,000**	**425,160**	**Less than 1%**

Notes:

1. *With regards to the voting power of each related party, this assumes the Company:*
   - (a) *will have on issue 215,820,260 Shares as at Completion.*
   - (b) *does not issue any Shares or Options, other than as contemplated by this Prospectus; and*
   - (c) *issues the maximum number of Shares under the Placement Offer and Entitlement Offer, and Top Up Offer being 53,125,000..*
2. *Includes shares held by Lynette Fitzgerald, Dr Fitzgerald's wife. This does not take into account any Share the Director may acquire under the Placement Offer.*

9.6 Relevant interests – agreements with Directors or related parties

a Overview

Pursuant to the Corporations Act, a 'related party transaction' is any transaction through which a public company provides a financial benefit to a related party. This applies even where one of the Company's Subsidiaries is the contracting party.

The definition of 'financial benefit' for this purpose is very broad, and includes, among other things, leasing an asset or providing finance to a related party.

Unless an exception applies, a public company must obtain approval from its members by following the procedure for member approval set out in sections 217-227 of the Corporations Act (**Member Approval Process**) before entering into the related party transaction.

The Company's policy in respect of related party arrangements is:

i. a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

ii. for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

Aside from entering into compensation arrangements and indemnification documents with Directors as referred to in Sections 9.3 and 9.4 of this Prospectus, the Company (and/or its Subsidiaries) has also entered into the following related party arrangements with its Directors (or related parties of the Directors):

b. Henry Townsing Sr

Set out in Schedule 2 are (i) the related parties of Henry Townsing Sr that have or will receive financial benefits arising from the Acquisitions, as well as the financial benefits that Henry Townsing Sr has or will receive; and (ii) the nature of the financial benefit.

i. Appointment of Henry Townsing Jr

The Company has appointed Henry Townsing Jr as CEO of Macarthur.

Henry Townsing Jr's total remuneration package (excluding the Performance Options to be issued under the LTIP, as described below) will be $320,000 per annum. In addition to his annual salary and entitlements under the LTIP, Macarthur may provide (i) short term bonuses to Henry Townsing Jr periodically based on performance and (ii) early learning services for his children.

Henry Townsing Jr's employment agreement includes:

A. provisions protecting the Company's confidential information and intellectual property; and

B. a non-competition undertaking pursuant to which Henry Townsing Jr agrees that he will not, during the term of his engagement and for a period of up to 6 months thereafter, compete with the Company's business.

Henry Townsing Jr may terminate the agreement by giving Macarthur 3 months' written notice.

Macarthur may terminate the agreement:

A. by giving 3 months' written notice to Henry Townsing Jr or, by making payment in lieu of the whole (or part of the) notice period; or

B. if there are grounds for summary dismissal (such as serious misconduct or fraud), without notice.

ii. Performance Options issued under the LTIP

A summary of the terms of the performance options (**Performance Options**) proposed to be issued to Henry Townsing Jr are set out below:

A. each Performance Option carries a right to acquire 1 fully paid ordinary Share in the capital of the Company at an exercise price of $0.20, subject the achievement of the milestones as set out in the table below (**Milestones**);

B. if the relevant Milestone is not achieved by the due date as set out in the table below, then the corresponding Performance Options will automatically lapse on non-satisfaction of the Milestone, and will automatically lapse on the fifth anniversary of the date of grant;

C. Henry Townsing Jr's entitlement to any Performance Options in relation to Milestones that have not been met, ceases upon the date that is 3 months after Mr Townsing Jr ceases to be either an employee or officer of the Company or a Subsidiary thereof; and

D. in the event that Mr Townsing Jr is made redundant, their entitlement to Performance Options (not yet exercised) will be considered at the discretion of the Board of Directors of the Company.

The terms of the Performance Options will be subject to the terms of the LTIP.

iii. Milestones and Performance Options to be issued

Set out below are the Milestones, as well as the Performance Options to be issued on the achievement of each Milestone.

Tranche	Number of Performance Options	Number of Shares to be issued on conversion of the Performance Options	Milestone
1	2,000,000	2,000,000	Henry Townsing Jr is appointed CEO of the Company
2	2,000,000	2,000,000	Settlement of 100 lots constructed as part of the Yarrawonga Project
3	2,000,000	2,000,000	The Group operating 12 Long Day Care businesses[1]

[1] *Laverton business (previously operated by MB Laverton) is to be included.*

iv. Performance Options Loan

So that Henry Townsing Jr can exercise the Performance Options, it is proposed that the Company will advance Henry Townsing Jr a loan (**Performance Options Loan**).

The grant of the Performance Options will be subject to Henry Townsing Jr and the Company entering into an agreement on the following terms (among others):

A. the Performance Options will not accrue interest;

B. the Company may retain, or pay to itself on behalf of Henry Townsing Jr, any moneys (including dividends) and any capital distributions that may become payable in respect of a Share issued (**Loan Share**) in reduction of the amount outstanding under the Performance Options in respect of that Loan Share;

C. the period of the Performance Options commences on the date that the loan is advanced to Henry Townsing Jr and ends on:

1. the date on which Henry Townsing Jr ceases to be an employee or officer of the Company;
2. a buy-back of the Loan Shares in accordance with the terms of the LTIP;
3. the failure to satisfy any Milestones applicable to the Loan Shares;
4. any breach by Henry Townsing Jr of the terms of the LTIP where the breach is not remedied within seven days of the Company's notice to Henry Townsing Jr to do so;
5. an application being made to a court for an order, or an order being made, that Henry Townsing Jr be made bankrupt (or any similar event in any jurisdiction as determined by the Board in its discretion); or
6. 5 years after the Loan Shares are issued to Henry Townsing Jr,

whichever occurs earlier.

D. as security for the granting of the Performance Options Loan, Henry Townsing Jr grants to the Company:

1. a pledge of its Loan Shares; and
2. a charge over all dividends and other amounts paid or payable on those Loan Shares.

The terms of the Performance Options Loan will otherwise be governed by the terms of the LTIP (as set out in Section 9.6(b)(iv) below).

9.7 Member approvals

In relation to all of the related party transactions referred to above or elsewhere in this Prospectus, either of the following applies:

a. the Company has obtained the necessary approvals under the Member Approval Process in accordance with the Corporations Act; or

b. the transaction is on arm's length terms and accordingly member approval is not required.

9.8 Other information about interests and benefits of Directors and Key Personnel

a. Reimbursement

Directors may also be reimbursed for all reasonable out of pocket expenses incurred in carrying out their duties as a Director. Non-executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as Director of the Company or its Subsidiaries.

There are no retirement benefit schemes for Directors, other than pension contributions.

b. LTIP

i. Background

The Company has adopted the Long Term Incentive Plan (**LTIP**) in order to assist in the motivation and retention of selected Company employees and officers. The LTIP is designed to align the interests of eligible employees more closely with the interests of the Company by providing an opportunity for eligible personnel to receive an equity interest in the Company. Under the LTIP, eligible personnel may be offered performance rights, options, loan shares, deferred share awards or exempt share awards which may be subject to vesting conditions set by the Board.

The LTIP was adopted by a resolution of shareholders at the Company's annual general meeting on 30 November 2020 to provide ongoing incentives to any full time or part time employee of the Company or any of its Subsidiaries (including a Director or company secretary of the Company or its Subsidiaries who holds salaried employment with the Company or its Subsidiaries on a full or part time basis), or a consultant, who is determined by the Board to be eligible to receive grants of Options under the LTIP (**Eligible Participants**).

ii. Key terms

A. Employee Rights

Under the LTIP, the Company may offer or issue to Eligible Participants, the following Employee Rights:

1. **performance rights**: a right to be issued or provided with a Share at nil issue price on specific vesting conditions being achieved.
2. **options**: a right to be issued or provided with a Share on payment of an exercise price and which can only be exercised if specific vesting conditions are achieved.
3. **loan shares**: Shares issued subject to a limited recourse loan and at nil interest rate, subject to specific vesting conditions;
4. **deferred share awards**: Shares issued to Eligible Participants:
   - who elect to receive Shares in lieu of any wages, salary, director's fees, or other remuneration; or
   - by the Company in its discretion, in addition to their wages, salary and remuneration, or in lieu of any discretionary cash bonus or other incentive payment; or
5. **exempt share awards**: Shares issued for no consideration or at an issue price which is a discount to the market price with the intention that up to $1,000 (or such other amount which is exempted from tax under the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) from time to time) of the total value or discount received by each employee will be exempt from tax.

B. Eligible employees

Employee Rights may be granted at the discretion of the Board to any person who is an Eligible Participant.

C. Price

The Board has discretion to determine the issue price and/or exercise price for the Employee Rights.

D. Vesting and exercise of Employee Rights

The Employee Rights held by a participant will vest in and become exercisable by that participant upon the satisfaction of any vesting conditions specified in the offer and in accordance with the rules of the LTIP. Vesting conditions may be waived at the discretion of the Board.

E. Change of control

In the event a takeover bid is made to acquire all of the Shares on issue, or a scheme of arrangement, selective capital reduction or other transaction is initiated which has an effect similar to a full takeover bid, the Board may waive unsatisfied vesting conditions in relation to some or all Employee Rights. Further, if a takeover bid is made to acquire all of the Shares on issue, participants may accept the takeover bid in respect of any Employee Rights (other than exempt share awards) which they hold notwithstanding the restriction period in respect of those Employee Rights has not expired.

F. Claw Back

If any vesting conditions of an Employee Right are mistakenly waived or deemed satisfied when in fact they were not satisfied, then in accordance with the terms of the LTIP, the Board may determine that the relevant Employee Rights expire (if not yet exercised), or it may otherwise recover from the participant some or all Shares issued upon exercise of the Employee Rights or any proceeds received from the sale of those shares.

G. Variation of Share capital

If prior to the exercise of an Employee Right, the Company undergoes a reorganisation of capital or bonus issue, the terms of the Employee Right will be changed to the extent necessary to comply with the ASX Listing Rules (if applicable).

c. Interests of advisers

i. Interests

Except as disclosed in this Prospectus:

A. no expert, or firm in which any expert is a partner, has any interest that existed when a copy of this Prospectus was lodged with the ASIC for registration, nor had any such interest within 2 years before lodgement of this Prospectus for registration, in the promotion of the Company or has received or is entitled to receive any sum for services rendered by the expert or the firm in connection with the promotion or formation of the Company; and

B. no amounts have been paid or agreed to be paid to any expert, or any firm in which any expert is a partner, for services rendered in connection with the promotion or formation of the Company.

ii. RSM Corporate Australia Pty Ltd ACN 050 508 024 (RSM Corporate)

In accordance with the terms of its engagement, RSM Corporate has prepared its Independent Accountant's Report which forms part of this Prospectus. In aggregate, RSM Corporate, as Independent Accountant for the Company, will be paid approximately $25,000 (plus GST) for services provided in connection with this Prospectus and may receive further payments in accordance with its normal time based charges.

iii. K&L Gates – Australia legal advisers

In accordance with the terms of its engagement, K&L Gates as Australian Legal Advisers for the Company will be paid approximately $125,000 (plus GST and disbursements) for services provided in connection with this Prospectus, has undertaken other work for the Company which is not related to this Prospectus, and may receive further payments in accordance with its normal time based charges.

iv. Registry Direct Limited ACN 160 181 840 (Registry Direct) - share registry

Registry Direct has acted as the Share Registry to the Company. The Company has paid, or agreed to pay, normal commercial rates for the share registry services provided by Registry Direct.

v. Land Real Pty Ltd – Underwriter

Land Real Pty Ltd (ACN 006 535 299) is acting as the Company's underwriter. For more information please see Section 13.3(ee) for details.

These amounts, and other expenses of each Offer, will be paid out of funds raised under each Offer or available cash (unless otherwise indicated) as part of normal working capital. Further information on the use of proceeds and payment of expenses of each Offer is set out in Section 10.6 of this Prospectus.

vi. Peloton Capital Pty Ltd - shareholder advisory

Macarthur has entered into an engagement with Peloton Capital Pty Ltd (Peloton) pursuant to which Peloton has agreed to provide certain advisory services to Macarthur in relation to the management of the promotion of the Entitlement Offer to Eligible Shareholders of Macarthur.

Peloton will be entitled to a fee of $4,600 plus 4.90% of all monies raised under the Entitlement Offer.

d. Consents of experts

i. RSM Corporate Australia Pty Ltd ACN 050 508 024 (RSM Corporate)

RSM Corporate has given and not withdrawn its written consent to being named as Independent Accountant for the Company in this Prospectus in the form and context in which it is named, and the issue of this Prospectus with its Independent Accountant's Report dated 6 July 2022 in the form and context in which it is included and to all references to that report in this Prospectus in the form and context in which those references are included.

RSM Corporate has only participated in the preparation of this Prospectus to the extent of preparing its Independent Accountant's Report. RSM Corporate was not involved in the preparation of any other part of this Prospectus and did not authorise or cause the issue of any other part of this Prospectus.

Except as provided above RSM Corporate does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for any statement in or omissions from this Prospectus.

ii. RSM Audit

RSM Audit has given and not withdrawn its written consent to being named as Auditor for the Company in this Prospectus in the form and context in which it is named.

RSM Audit was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of any other part of this Prospectus.

RSM Audit does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for any statement in or omissions from this Prospectus.

iii. K&L Gates – Legal Adviser

K&L Gates has given and not withdrawn its written consent to be named in this Prospectus as Australian Legal Advisers to the Company in the form and context in which it is so named.

K&L Gates does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

iv. Registry Direct – share registry

Registry Direct has given and not withdrawn its written consent to be named in this Prospectus as the Share Registry to the Company in the form and context in which it is so named. Registry

Direct does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

v. Land Real – Underwriter

The Underwriter has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Underwriter to the Entitlement Offer under this Prospectus, in the form and context in which it is so named.

The Underwriter does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

vi. CVC Limited - Sub-underwriter of the Entitlement Offer

CVC Limited has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as sub-underwriter to the Entitlement Offer under this Prospectus, in the form and context in which it is so named.

CVC Limited does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

vii. TBT Accounting - Mobe Growth Auditor

TBT Accounting has given and not withdrawn its written consent to being named as Auditor for Mobe Growth in this Prospectus in the form and context in which it is named.

TBT Accounting was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of any other part of this Prospectus.

TBT Accounting does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for any statement in or omissions from this Prospectus.

viii. Charter Keck Cramer - Property Valuer

Charter Keck Cramer has given and not withdrawn its written consent to being named as valuer for the Malvern Property, Greenvale Property, Maribyrnong Property, Officer Property, Truganina Property, Swan Hill Property, Head Office Property, Lilydale Property and Irymple Property in this Prospectus in the form and context in which it is named.

Charter Keck Cramer was not involved in the preparation of any part of this Prospectus other than the relevant valuation reports, and did not authorise or cause the issue of any other part of this Prospectus.

Charter Keck Cramer does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for any statement in or omissions from this Prospectus.

ix. M3 Property - Valuer for Yarrawonga Property and Fyansford Property

M3property Australia Pty Ltd (**M3 Property**) has given and not withdrawn its written consent to being named as valuer for the Yarrawonga Property and Fyansford Property in this Prospectus in the form and context in which it is named.

M3 Property was not involved in the preparation of any part of this Prospectus other than the relevant valuation reports and did not authorise or cause the issue of any other part of this Prospectus.

x. Peloton Capital Pty Ltd - shareholder advisory

Peloton has given and not withdrawn its written consent to be named in this Prospectus as the shareholder adviser to the Company in the form and context in which it is so named. Peloton does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

10. DETAILS OF EACH OFFER

10.1 Overview

This Prospectus relates to each Offer. The Offers comprise of:

- Placement Offer (Section 10.2);
- Entitlement Offer (Section 10.3); and
- Top Up Offer (Section 10.4).

The Offers are made on the terms, and are subject to the conditions, set out in this Prospectus.

All Shares issued under each Offer will rank equally with each other.

A summary of the Offers are set out below:

No.	Capital raising event	Underwritten	Underwritten amount	Offer Size
1.	Placement Offer	No	N/A	$6,950,000 (less the amount raised under the Entitlement Offer and Top Up Offer, before costs)
2.	Entitlement Offer	Yes, partial	$1,000,000	$4,327,514
3.	Top Up Offer	No	N/A	Up to $5,000 per Top Up Shareholder, or in aggregate $3,675,000

Notes:

1. *Assuming the Entitlement Offer and Top Up Offer are fully subscribed.*

Investors should note that part of the consideration to the Acquisition Vendors under the Acquisitions was paid in Shares in Macarthur. For the purposes of this Prospectus, the Company has taken the conservative approach of assuming that all of the Acquisition Vendors are 'associates' for the purposes of section 606 of the Corporation Act.

Accordingly, the aggregate voting power of all of the Acquisition Vendors and their associates will be combined in order to determine their voting power as a result of the Offers. Following Completion the Acquisition Vendors' aggregate voting power will be approximately 63.5% if the Offers are fully subscribed. If the Offers are not fully subscribed (other than the underwritten amount), the Acquisition Vendors' aggregate voting power will be approximately 82%.

Please refer to sections 13.4(d) and 13.4(e) for further information regarding potential control implications associated with the Offers. Further details of the interests of the Acquisition Vendors and their associates in the Company are set out in detail in Schedule 3 of this Prospectus.

10.2 Placement Offer

The Company is undertaking a placement of up to 34,750,000 New Shares at an issue price of $0.20 to raise $6,950,000, less the amount raised under the Entitlement Offer before costs (**Placement Offer**).

The Placement Offer is being offered to investors in eligible jurisdictions, including professional or sophisticated investors on the terms, and is subject to the conditions, set out in this Prospectus. All Shares will rank equally with each other.

The Company has not received any expressions of interest with respect to any party intending to participate in the Placement Offer as at the date of this Prospectus.

The New Shares offered under the Placement Offer will represent approximately 6.1% of the Shares on issue following completion of the Offers assuming that the Offers are fully subscribed.

10.3 Entitlement Offer

The Company will also undertake a non-renounceable pro-rata rights issue to Shareholders of up to 21,637,572 New Shares on the basis of 4 New Shares for every 1 Share held at the Record Date at an Offer Price of $0.20 each to raise approximately $4,327,514 before costs **(Entitlement Offer)**. The New Shares offered under the Entitlement Offer will represent approximately 10% of the Shares on issue following completion of the Offers assuming that the Offers are fully subscribed.

The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and is therefore able to participate in the Entitlement Offer, or an Ineligible Shareholder and is therefore unable to participate in the Entitlement Offer.

The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

Eligible Shareholders are being offered the opportunity to subscribe for 4 New Shares for every 1 Share held at 7:00 pm (AEST) on the Record Date, at the Offer Price of $0.20 per New Share.

Eligible Shareholders will also be able to apply for New Shares as outlined below.

a. Eligible Shareholder's choices

The number of New Shares to which Eligible Shareholders are entitled under the Entitlement Offer is determined based on that Eligible Shareholder's holdings at the Record Date.

Eligible Shareholders may:

i. take up their Entitlement in full, or take up their Entitlement in full and also apply for additional New Shares if there are any Shortfall Shares (refer to Section 10.3(b));

ii. take up part of their Entitlement and allow the balance to lapse (refer to Section 10.3(c)); or

iii. do nothing and allow their Entitlement to lapse (refer to Section 10.3(d)).

Ineligible Shareholders may not take up any of their Entitlements.

b. Taking up Entitlements or taking up Entitlements and applying for Shortfall Shares

If an Eligible Shareholder wishes to take up its Entitlement, or if the Eligible Shareholder wishes to take up its Entitlement in full and also apply for additional New Shares if there are any Shortfall Shares, it may do so by following the instructions set out on the Application Form.

c. Taking up part of your Entitlement and allow for the balance to lapse

If an Eligible Shareholder wishes to take up part of its Entitlement, that Eligible Shareholder must complete the Application Form for the number of New Shares it wishes to take up and follow the instructions set out on the Application Form.

The Eligible Shareholder may arrange for payment in accordance with the instructions on the Application Form. If payment is made and MNL receives an amount that is less than the Offer Price multiplied by the relevant Entitlement (**Reduced Amount**), that payment may be treated as an application for as many New Shares as the Reduced Amount will pay for in full.

The portion of your Entitlement not taken up will lapse without further action by that Eligible Shareholder.

d. Lapse of Entitlement

If an Eligible Shareholder does not wish to accept all or any part of its Entitlement, that Eligible Shareholder does not need to take any further action under this Prospectus, and that part of its Entitlement will lapse.

e. Consequences of not accepting Entitlement

If an Eligible Shareholder does not accept all of its Entitlement in accordance with the instructions set out above, any New Shares that it would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of its Entitlement that have not been accepted) may be acquired by other Eligible Shareholders that have applied for Shortfall Shares.

That Eligible Shareholder's percentage shareholding in Macarthur will be diluted if it does not accept all or a part of its Entitlement.

If the Eligible Shareholders fail to subscribe for all of the Shortfall Shares, the Company may offer an equivalent number of New Shares (to the remaining balance of the Shortfall Shares) to other investors, including sophisticated and/or professional investors (under section 708 of the Corporations Act) on the same terms as the Entitlement Offer.

The effect of the Entitlement Offer on the control of the Company will depend on a number of factors, including:

i. the level of Shareholder participation in the Entitlement Offer and the identity of Shareholders who participate in the Entitlement Offer;

ii. if applicable, the level of Shareholder subscription for Shortfall Shares and the identity of Shareholders who subscribe for and are allocated Shortfall Shares; and

iii. if applicable, the level of investor participation in the placement of remaining Shortfall Shares after the close of the Entitlement Offer, and the identity of investors who participate in this placement (if required).

10.4 Top Up Offer

The Top Up Offer is open to Shareholders who hold a parcel of less than 25,000 Shares at the Record Date and are considered Eligible Shareholders. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder and is therefore able to participate in the Top Up Offer, or an Ineligible Shareholder and is therefore unable to participate in the Top Up Offer.

The Top Up Shareholders will be entitled to acquire up to $5,000 worth of Shares. As at the Record Date, the Company had 735 eligible Top Up Shareholders.

The maximum amount that can be raised under the Top Up Offer is $3,675,000.

The New Shares offered under the Top Up Offer will represent approximately 8.5% of the Shares on issue following completion of the Offers assuming that the Offers are fully subscribed.

The Company encourages all Top Up Shareholders to apply for the issue of New Shares under this Top Up Offer.

The following entities associated with Macarthur will be entitled to participate in the Top Up Offer, being:

- CVC Venture Managers Pty Ltd, by way of Henry Townsing Sr's directorship;
- Stanton Lea Pty Ltd, by way of Henry Townsing Sr's directorship; and
- Stockriver Pty Ltd, by way of Henry Townsing Sr's directorship.

Please see Schedule 2 for more information on these parties. The Company does not expect it will receive any applications under the Top Up Offer from such Shareholders, and will nevertheless not accept any such application if they are received.

10.5 Purpose of Each Offer

The purpose of each Offer is to:

a. raise up to $10,625,000 before costs pursuant to each Offer;
b. tighten the share register of the Company to assist in any future capital raisings from its Shareholders;
c. raise funds for the development of the Yarrawonga Project;
d. raise funds for the acquisition and development of the Fyansford Property; and
e. raise the necessary funds required by the Company for additional working capital requirements following Completion.

A summary of the budgeted intended use of the funds is set out in Section 10.6 below.

10.6 Use of Offer Proceeds

The total gross proceeds of the Offers will be equal to the number of New Shares issued under each Offer multiplied by the Offer Price.

The funds raised under each Offer are expected to be allocated over the first 24 months as follows:

Description[1,2]	**Underwritten amount $1.0m**	**$2.5m**	**$5.0m**	**$7.5m**	**Full subscription amount $10.625m**
Development costs					
Development costs for the Yarrawonga Property[1]	$940,000 (95% of funds raised)	$2,325,000 (93% of funds raised)	$3,200,000 (64% of funds raised)	3,200,000 (43% of funds raised)	$3,200,000 (30% of funds raised)
Acquisition and development costs for the Fyansford Property[2]	Nil	Nil	$1,500,000 (30% of funds raised)	$2,600,000 (35% of funds raised)	$4,200,000 (40% of funds raised)
Transaction costs					
Costs of the Offers	$55,000 (5% of funds raised)	$175,000 (7% of funds raised)	$300,000 (6% of funds raised)	$420,000 (6% of funds raised)	$575,000 (5% of funds raised)
Working capital[3]	Nil	Nil	Nil	$1,280,000 (17% of funds raised)	$ 2,650,000 (25% of funds raised)
Total amount raised under the Offers	**$1,000,000**	**$2,500,000**	**$5,000,000**	**$7,500,000**	**$10,625,000**

Note:
The above table is indicative only and approximate, subject to rounding to the nearest whole number. Actual use of funds will depend on a variety of factors including the actual amount raised as part of the capital raisings outlined in Section 10.1 and various market conditions and the Company's progress and success in the implementation of its strategy following Completion.

[1] *Section 4.4 provides information with respect to Macarthur's expected works in relation to the Development costs for the Yarrawonga Property. The proposed use of funds set out above will be expended to progress the building of housing and community facilities on the property (to cover any cashflow timing differences between draw down of bank funding and payment of relevant development cost (up to $800,000 of the initial funds raised), any amounts over $800,000 will be allocated to the repayment of loans payable to the relevant vendors.*

[2] *As noted in Sections 2 and 13.3(w), MNL Operations, a fully owned subsidiary of Macarthur, has entered into a conditional agreement to purchase the Fyansford Property. This agreement is conditional on MNL Operations obtaining planning permissions which are currently being assessed by the relevant council authorities. If the necessary planning permissions are not granted, MNL Operations will have the right to terminate the Fyansford Property contract of sale, upon which MNL Operations would forfeit $400,000 of the deposit it has already paid under the contract of sale. However, if the required permits are unable to be obtained, Macarthur may nevertheless determine to proceed with the acquisition if the prevailing property prices at the time would allow Macarthur to on-sell the property at a higher price to in order to crystallise a gain for the Group.*

[3] *Working capital includes*

- *funds required for the day to day management of the Company including day to day funds for Montessori Beginnings and Zest Living businesses; and*
- *growth funding for the further build out of the business platform including acquisition of additional assets from time to time.*

10.7 Director Participation in Entitlement Offer

None of the Directors will participate in the Entitlement Offer.

The voting power following Completion for each of the Directors is set out in Section 9.5.

10.8 Corporate Structure of Macarthur

Investors in the Offers will gain an interest in Macarthur. Further information on Macarthur, MNLO, Clifstone, MNLPT and EFM Nominee Services, each the major entities of Macarthur, is set out in the table below:

Entity	Further information
Macarthur National Ltd (MNL)	Macarthur is the holding company of the Macarthur National group of companies.
MNL Operations Pty Limited (MNLO)	MNLO is a wholly owned Subsidiary of MNL. It is the owner of each of certain Long Day Care businesses, residential Land Lease Community and associated management platforms, and the contracted purchaser of the Fyansford Property.
Clifstone Pty Limited (Clifstone)	Clifstone is a wholly owned Subsidiary of MNL - but will become dormant in the near future following completion of the transfer of all assets it held as trustee of the MNLPT to EFM Nominee Services.
MNL Property Trust (MNLPT)	MNLPT is partly owned by MNL, currently 83% (but ultimately expected to reduce to 80% please see Section 13.3(f)).

10.9 Substantial Shareholders

Those Shareholders holding or controlling 5% or more of the Shares on issue following Completion of the Offers are set out in the table below. A number of these Shareholders are related parties of Macarthur. Details of these relationships are set out at Schedule 2 of this Prospectus.

Name	Shares	Voting Power (diluted) Assuming the Offers are fully subscribed[1]	Voting Power (diluted)[2]	Is party an Acquisition Vendor[3]	Is party a Related Party of Macarthur[4]
31 Edgewater Pty Ltd ACN 142 338 323	23,750,000	11.0%	14.2%	Yes	No
CVC Venture Managers Pty Ltd ACN 606 868 017	21,086,375	9.8%	12.6%	Yes	Yes
CVC Limited	15,159,966[1] or 20,159,966[2]	7.0% N/A	N/A 12.0%	No	No
Barkly II Custodian Projects Pty Ltd ACN 606 703 619 as trustee for the Barkly II Greenvale Unit Trust	12,174,938	5.6%	7.3%	Yes	Yes
AWG No.17 Pty Ltd ACN 601 726 630	11,820,718	5.5%	7.1%	Yes	Yes
Hento Investments Pty Ltd ACN 120 079 718 as trustee for the Hento Investments Trust	11,820,718	5.5%	7.1%	Yes	No
GMO New Pty Ltd ACN 615 409 339	11,820,718	5.5%	7.1%	Yes	No
Barkly II Custodian Projects Pty Ltd ACN 606 703 619 as trustee for the Barkly II Malvern CC Unit Trust	8,954,825	4.1%	5.4%	Yes	Yes
Athem Pty Ltd ACN 614 207 073 as trustee for the Aushe Family Trust	8,507,490	3.9%	5.1%	Yes	Yes
TOTAL	**125,095,748**	**57.9%**	**75.0%**	**N/A**	**N/A**

Notes:

1 *This assumes there are 215,820,260 Shares on issue, comprising 162,695,260, Shares as at the Prospectus Date and 53,125,000 Shares are issued under the Offers. CVC Limited's shareholding as at the Prospectus Date is 15,159,966, noting that if the Offers are fully subscribed, CVC Limited will not acquire any additional New Shares pursuant to its sub-underwriting arrangements with the Underwriter.*

2 *This assumes there are 167,695,260 Shares on issue, comprising 162,695,260 Shares as at the Prospectus Date and the underwritten 5,000,000 Shares are issued under the Offers by CVC Limited as the sub-underwriter.*

3 *Please refer to Schedule 3 for a complete list of all Acquisition Vendors. For the purposes of this Prospectus, the Company has taken the conservative approach of assuming that all of the Acquisition Vendors are 'associates' for the purposes of section 606 of the Corporation Act. The voting power of the Acquisition Vendors and their associates will be approximately 63.5%, (assuming that all of the Offers are fully subscribed, and noting that the Acquisition Vendors will not participate in any of the Offers), or approximately 82% (assuming that only the underwritten amount of $1,000,000 is subscribed, and noting that the Acquisition Vendors will not participate in any of the Offers).*

4 *Please refer to Schedule 2 for a complete list of related parties of Henry Townsing Sr and Henry Townsing Jr. Relevant voting power of these entities is 34.1% where only the underwritten amount of the Offer is taken up or 43.9% where each of the Offers are accepted in full, and noting that the parties will not participate in any of the Offers.*

The Company does not expect it will receive any applications under any of the Offers from any the above substantial Shareholders listed in the table above (other than CVC Limited pursuant to the sub-underwriting arrangements described in this Prospectus, if applicable). The Company has determined that it will not otherwise accept any application under any Offers from these parties.

10.10 How to apply

All applications for Shares under each Offer must be made in accordance with this Section 10.1.

a. Placement Offer

Applications for New Shares under the Placement Offer may only be made on the Application Form attached to and forming part of this Prospectus. Please read the instructions on the Application Form carefully before completing it.

b. Entitlement Offer

The Entitlement Offer is made solely to, and is only capable of acceptance by, Eligible Shareholders.

Applications for New Shares under the Entitlement Offer may only be made on the Application Form attached to and forming part of this Prospectus. Please read the instructions on the Application Form carefully before completing it.

c. Top Up Offer

The Top Up Offer is made solely to, and is only capable of acceptance by, Eligible Shareholders.

Applications for New Shares under the Top Up Offer may only be made on the Application Form attached to and forming part of this Prospectus. Please read the instructions on the Application Form carefully before completing it.

10.11 Discretion regarding each offer

The Company may withdraw each Offer at any time before the issue or transfer of Shares to successful Applicants or bidders. If an Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest).

The Company also reserves the right to close an Offer or any part of it early, extend an Offer or any part of it, accept late applications or bids either generally or in particular cases, reject any application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

10.12 Financial and other information about Macarthur

The Company's capitalisation following Completion are set out under the 'Key offer information' Section on page 9 of this Prospectus.

The Directors believe that, on Completion, the Company will have sufficient funds available to fulfil the purposes of each Offer and meet its stated business objectives.

10.13 Terms of each offer

Topic	Summary
What is the type of security being offered?	Shares, being fully paid ordinary shares in Macarthur National Ltd ACN 633 180 346.
What are the rights and liabilities attached to the Shares being offered?	A description of the Shares, including the rights and liabilities attaching to them is set out in Section 10.17.
What is the consideration payable for the New Shares?	$0.20 per New Share, being the Offer Price.
What is the Offer period?	The Important Dates, including the details of the Offer period, are set out in the 'Key offer information' section of this Prospectus.
What are the cash proceeds to be raised under each Offer?	The capital raised from each Offer is to be as follows: (see table below)
What is the minimum and maximum Application size under each Offer?	**(Placement Offer):** The minimum Application size under the Placement Offer is $2,000, being an Application for 10,000 Shares, then in multiples of $500. There is no maximum Application size under the Placement Offer. **(Entitlement Offer):** An Eligible Shareholder is entitled to take up any portion of its Entitlement (and may apply for Shortfall Shares). **(Top Up Offer):** Open to Eligible Shareholders who hold a parcel of Shares with less than 25,000 Shares at the Record Date (Top Up Shareholders). The Top Up Shareholders will be entitled to acquire up to $5,000 worth of Shares.
How to pay?	Applicants under an Offer must pay their Application Monies in accordance with instructions on the Application Form.

No.	Capital raising event	Underwritten	Offer Size
1.	Placement Offer	No	$6,950,000 (less the amount raised under the Entitlement Offer, before costs)
2.	Entitlement Offer	Partially	$4,327,514
3.	Top Up Offer	No	Up to $5,000 per Top Up Shareholder, or in aggregate $3,675,000

What is the allocation policy?	The allocation of New Shares under each Offer will be determined by the Company and will be implemented as follows: a. To first ensure that New Shares are issued with respect to all applications made under the Top Up Offer and Entitlement Offer to the maximum extent that each relevant applicant is eligible under that offer. b. To the extent applicants under the Entitlement Offer apply for additional New Shares exceeding their entitlement (ie an oversubscription), the Company will allocate New Shares on a pro-rate basis between those shareholders up to the maximum offer size of the Entitlement Offer. c. The Company will then allocate New Shares to the applicants under the Placement Offer and to any applicants under the Entitlement Offer who have applied for New Shares (which were not satisfied under paragraph (b), above), in accordance with the factors set out in item (d), below. d. The allocation policy is influenced by the following factors: (i) the number of Shares applied for by particular applicants; (ii) the timeliness of the applications; (iii) the Company's desire to establish a wide spread of Shareholders; (iv) overall levels of demand under the Offers; (v) the likelihood that particular applicants will be long term Shareholders; and (vi) any other factors that the Company considers appropriate. To the extent that the Offers are oversubscribed, the Company may need to scale back allocations and will do so, if required, subject to the above allocation policy. The Company does not expect it will receive any applications under any of the Offers from any of its current Shareholders who were not Shareholders of the Company as at the Record Date, and will not accept any such application if they are received (other than to issue New Shares to CVC Limited pursuant to the sub-underwriting arrangements described in this Prospectus, if applicable). Further, while certain entities associated with Macarthur will technically be entitled to participate in the Top Up Offer or may otherwise determine to participate in the Placement Offer, the Company does not expect it will receive any applications under the Top Up Offer or Placement Offer from such parties, and in any event, it will not accept any such application if they are received.
When will I receive confirmation whether my Application has been successful?	It is expected that initial holding statements will be mailed by standard post on or about 22 August 2022.

Topic	Summary
Is each Offer underwritten?	• The Placement Offer is not underwritten. • The Entitlement Offer is partially underwritten in the amount of $1,000,000 by Land Real Pty Limited (ACN 006 535 299), a related party of Henry Townsing Sr by way of his directorship. The Company will pay underwriting fees and disbursements as provided for under the Underwriting Agreement. CVC Limited (an unrelated third party) will act as sub-underwriter. See Section 13.3(ee) for details. • The Top Up Offer is not underwritten.
Are there any escrow arrangements?	No. Shares issued under the Offers will not be subject to any escrow arrangements.
Have any ASIC modifications been obtained or relied on?	No.
Are there any taxation considerations?	Yes. Please refer to Section 13.5 of this Prospectus and note it is recommended that all potential investors consult their own independent tax advisers regarding the income tax (including capital gains tax), stamp duty and GST consequences of acquiring, owning and disposing of Shares, having regard to their specific circumstances
Are there any brokerage, commission or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under each Offer.
What should I do with any enquiries?	Enquiries in relation to this Prospectus may be directed to the Company Secretary on +613 9828 0508 or general@macarthurnational.com.au. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest

10.14 Restrictions on Distribution

No action has been taken to register or qualify this Prospectus, the Shares or each Offer or otherwise to permit an offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed in the United States and may only be distributed to persons to whom each Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act laws and any other applicable securities laws.

Each Applicant will be taken to have represented, warranted and agreed as follows:

a. it understands that the Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States;
b. it is not in the United States;
c. it has not and will not send this Prospectus or any other material relating to each Offer to any person in the United States; and
d. it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia.

10.15 Acknowledgements

Each Applicant under each Offer will be deemed to have:

a. agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms of each relevant Offer;
b. acknowledged having personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement prospectus) accompanying the Application Form and having read them all in full;
c. declared that all details and statements in their Application Form are complete and accurate;
d. declared that the Applicant(s), if a natural person, is/are over 18 years of age;
e. acknowledged that once the Company receives an Application Form it may not be withdrawn;
f. applied for the number of Shares at the Australian dollar amount shown on the front of the Application Form;
g. agreed to being allocated and issued up to the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
h. authorised the Company and its respective Officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
i. acknowledged that, in some circumstances, the Company may not pay dividends;
j. acknowledged that any dividends paid by the Company may be franked, unfranked or only partially franked and that the unfranked portion of any such dividends may not attach conduit foreign income;
k. acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not investment advice or taxation advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs of the Applicant(s); and
l. declared that the Applicant(s), if a natural person, is/are a resident of Australia.

10.16 Registers and holding statements

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register. Additional statements may be requested at any other time directly through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

10.17 Description of Shares

a. Introduction

The rights and liabilities attaching to ownership of Shares are:

i. detailed in the Constitution of the Company; and

ii. in certain circumstances, regulated by statute and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

b. Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has 1 vote on a show of hands.

On a poll, every member (or their proxy, attorney or representative) is entitled to 1 vote for each fully paid Share held.

c. Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution and the Corporations Act. At least 21 days' notice of a meeting must be given to Shareholders.

d. Dividends

Subject to the Corporations Act and the Constitution, the Board may determine that a dividend is payable on Shares. The Board may fix the amount of the dividend, the time for determining entitlements to the dividend and the time and the method of payment of the dividend.

e. Transfer of Shares

Subject to the Constitution, Shares may be transferred by a written instrument of transfer which complies with the Constitution or by any other method permitted by the Corporations Act.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the Constitution or the ASX Listing Rules (if applicable).

f. Issue of further shares

Subject to the Corporations Act and any rights and restrictions attached to a class of shares, the Company may issue or grant options in respect of, or otherwise dispose of, further shares on such terms and conditions as the Directors resolve.

g. Winding up

Subject to the Constitution, the Corporations Act and any special resolution or preferential rights or restrictions attached to any class or classes of shares, members will be entitled on winding up to a share in any surplus assets of the Company in proportion to the Shares held by them.

h. Unmarketable parcels

Subject to the Corporations Act, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.

i. Share buy-backs

Subject to the Corporations Act, the Company may buy back shares in itself on terms and at times determined by the Board.

j. Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. These provisions will cease to apply unless renewed by special resolution of the Shareholders in a general meeting by the third anniversary of the date of the Constitution's adoption.

k. Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

i. with the consent in writing of the holders of three-quarters of the issued shares included in that class;

ii. by a special resolution passed at a separate meeting of the holders of those shares; or

iii. as otherwise permitted under the Corporations Act.

In each case, in accordance with the Corporations Act, the holders of not less than 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a court of competent jurisdiction to exercise its discretion to set aside such a variation or cancellation.

l. Directors - appointment and removal

Under the Constitution, the minimum number of Directors that may comprise the Board is 3 and the maximum may not be more than 10. Directors are elected at general meetings of the Company.

The Directors may appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

If and when the Company is admitted to the Official List of ASX (unless appointed for a shorter term), no Director may hold office (without re-election) past the third AGM following that Director's appointment or election or 3 years, whichever is longer, after which that Director must retire from office.

Unless otherwise determined by an ordinary resolution of the Company, while the Company is admitted to the Official List, one third of the Directors for the time being, or if their number is not a multiple of 3, then the whole number nearest one third, must retire from office at each AGM. The Directors to retire will be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire will, unless they otherwise agree among themselves, be determined by drawing lots.

m. Directors - voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of an equality of votes on a resolution, the Chair of the meeting has a casting vote.

n. Non-executive Directors - remuneration

The Directors, other than the executive Directors, shall be paid by way of fees for services, with the maximum aggregate sum approved from time to time by the Company in a general meeting or, until so determined, as the Board determines.

The Constitution also makes provision for the Company to pay all reasonable expenses incurred by Directors in attending meetings or otherwise in connection with the business of the Company. Subject to the Corporations Act and the Constitution, remuneration of executive Directors shall be the amount that the Board decides.

o. Directors - powers and duties

The Directors have the power to manage the business of the Company and may exercise all powers which are not expressly required by law or the Constitution to be exercised by the Company in a general meeting.

p. Indemnities

The Company, to the extent permitted by law, may indemnify any current of former Officer of the Company against any liability incurred by that person as an Officer of the Company or one of its Subsidiaries and certain legal costs incurred by that person.

To the extent permitted by law and subject to the restrictions in section 199A of the Corporations Act, the Company may make a payment, or may agree to make a payment, whether by way of advance, loan or otherwise, for any legal costs incurred by an Officer on the condition that the Officer must repay the amount paid by the Company to the extent that a court subsequently determines that the Company is not permitted to indemnify the Officer.

q. Amendment

The Constitution can only be amended by special resolution passed by at least three-quarters of the votes cast by Shareholders present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

11. INVESTIGATING ACCOUNTANT'S REPORT

RSM Corporate Australia Pty Ltd
Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007
T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199
www.rsm.com.au

14 July 2022

The Board of Directors
Macarthur National Ltd
68 Dorcas Street,
Southbank VIC 3006

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report on the statutory historical financial information of Macarthur, Mobe Growth, Spring Kids, Zest Living and Zest Living Developments on a combined basis, and the Partnership and the pro forma historical financial information of Macarthur

We have been engaged by Macarthur National Ltd ("MNL" or "Macarthur" or "the Company") to report on certain statutory historical financial information and pro forma financial information for inclusion in a Replacement Prospectus dated on or about 14 July 2022.

The Replacement Prospectus relates to the Company's proposed Placement Offer, Entitlement Offer and Top Up Offer (collectively "the Offers") to raise up to $10.6 million, before costs of the Offers.

Expressions and terms defined in the Replacement Prospectus have the same meaning in this report.

Scope

Statutory Historical Financial Information

You have requested RSM Corporate Australia Pty Ltd ("RSM") to review the statutory historical financial information of Macarthur, Mobe Growth, Spring Kids, Zest Living and Zest Living Developments on a combined basis, and the Partnership included in Section 7 of the Replacement Prospectus, comprising:

- MNL's statutory historical income statements for FY2020, FY2021, 1HY2021 and 1HY2022;
- MNL's statutory historical cash flow statements for FY2020, FY2021, 1HY2021 and 1HY2022;
- MNL's statutory historical statement of financial position as at 31 December 2021;
- Mobe Growth's statutory historical consolidated income statements for FY2020, FY2021 and 1HY2021 and the period 1 July 2021 to 28 September 2021;
- Mobe Growth's statutory historical consolidated cash flow statements for FY2020, FY2021 and 1HY2021 and the period 1 July 2021 to 28 September 2021;
- Spring Kids' statutory historical income statement for FY2021 and the period 1 July 2021 to 29 September 2021;

- Spring Kids' statutory historical cash flow statements for FY2021 and the period 1 July 2021 to 29 September 2021;
- Zest Living's and Zest Living Development's combined historical statement of financial position as at 31 December 2021; and
- The Partnership's historical statement of financial position as at 31 December 2021,

collectively "the Statutory Historical Financial Information".

MNL Statutory Historical Financial Information

The Statutory Historical Financial Information for FY2020 and FY2021 for MNL has been derived from the PE2019, FY2020 and FY2021 audited general purpose financial statements of MNL.

The general-purpose financial statements of MNL for FY2020 and FY2021 were audited by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified audit opinion for each period's financial statements.

The Statutory Historical Financial Information for 1HY2021 and 1HY2022 for MNL has been derived from the 1HY2021 and 1HY2022 reviewed general purpose interim financial statements of MNL.

The general-purpose interim financial statements of MNL for 1HY2021 and 1HY2022 were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified review conclusion for each period's financial statements.

Mobe Growth Statutory Historical Financial Information

The Statutory Historical Financial Information for FY2020, FY2021 and the period 1 July 2021 to 28 September 2021 for Mobe Growth has been derived from the FY2020, FY2021 and 1 July 2021 to 28 September 2021 special purpose financial statements of Mobe Growth.

The special purpose financial statements of Mobe Growth for FY2019 and FY2020 were audited by TBT Accounting Pty Ltd in accordance with Australian Auditing Standards. TBT Accounting Pty Ltd issued an unqualified audit opinion for each period's financial statements.

The special purpose financial statements of Mobe Growth for FY2021 and 1 July 2021 to 28 September 2021 were audited by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified audit opinion on both the FY2021 and 1 July 2021 to 28 September 2021 financial statements.

The Statutory Historical Financial Information for 1HY2021 for Mobe Growth has been derived from the 1HY2021 special purpose interim financial statements of Mobe Growth.

The special purpose interim financial statements of Mobe Growth for 1HY2021 were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified review conclusion on the 1HY2021 financial statements.

Spring Kids Statutory Historical Financial Information

The Statutory Historical Financial Information FY2021 for Spring Kids has been derived from the FY2021 special purpose financial statements of Spring Kids.

The special purpose financial statements of Spring Kids for FY2021 were audited by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified audit opinion on the FY2021 financial statements.

The Statutory Historical Financial Information for the period 1 July 2021 to 29 September 2021 for Spring Kids has been derived from the unaudited management accounts of Spring Kids for the period 1 July 2021 to 29 September 2021.

Zest Living and Zest Living Development Statutory Historical Statement of Financial Position

The Statutory Historical Statement of Financial Position as at 31 December 2021 for Zest Living and Zest Living Development has been derived from the 1HY2022 special purpose interim financial statements of Zest Living and Zest Living Development.

The special purpose interim financial statements of Zest Living and Zest Living Development for 1HY2022 were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified review conclusion on the 1HY2022 financial statements.

Partnership Statutory Historical Statement of Financial Position

The Statutory Historical Statement of Financial Position as at 31 December 2021 for the Partnership has been derived from the 1HY2022 special purpose interim financial statements of the Partnership.

The special purpose financial statements of the Partnership for 1HY2022 were reviewed by RSM Australia Partners in accordance with Australian Auditing Standards. RSM Australia Partners issued an unqualified review conclusion on the 1HY2022 financial statements.

The Statutory Historical Financial Information of the Company, Mobe Growth, Spring Kids, Zest Living and Zest Living Developments on a combined basis, and the Partnership has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested RSM to review the pro forma historical financial information included in Section 7 of the Replacement Prospectus and comprising:

- MNL's pro forma historical consolidated income statements for FY2020, FY2021, 1HY2021 and 1HY2022;
- MNL's pro forma historical consolidated cash flow statements for FY2020, FY2021, 1HY2021 and 1HY2022;
- MNL's pro forma historical consolidated statement of financial position as at 31 December 2021; and
- the pro forma adjustments as described in Section 7 of the Replacement Prospectus,

collectively referred to as "the Pro Forma Historical Financial Information".

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of Macarthur, Mobe Growth, Spring Kids, Zest Living and Zest Living Developments on a combined basis, and the Partnership, adjusted for the transactions/adjustments summarised in Section 7 of the Replacement Prospectus. The stated basis of preparation is the recognition and measurement requirements of Australian Accounting Standards and the Company's adopted accounting policies applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in section 7 of the Replacement Prospectus, as if those events or transactions had occurred as at the date of the Historical Financial Information.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information is presented in the Replacement Prospectus in an abbreviated form, insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Directors' responsibility

The directors of the Company are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information; and
- the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information.

This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Statutory Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

We made such enquiries, primarily of persons responsible for financial and accounting matters, and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a consistency check of the application of the stated basis of preparation, to the Statutory Historical Financial Information and Pro Forma Historical Financial Information;
- a review of the Company's, Mobe Growth's, Spring Kids', Zest Living's, Zest Living Developments' and the Partnership's work papers, accounting records and other supporting documents;
- enquiry of directors, management personnel and advisors; and
- the performance of analytical procedures applied to the Statutory Historical Financial Information and Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as source of the financial information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Company, Mobe Growth, Spring Kids, Zest Living and Zest Living Developments on a combined basis, and the Partnership, as described in Section 7 of the Replacement Prospectus, and comprising:

- MNL's statutory historical income statements for FY2020, FY2021, 1HY2021 and 1HY2022;
- MNL's statutory historical cash flow statements for FY2020, FY2021, 1HY2021 and 1HY2022;
- MNL's statutory historical statement of financial position as at 31 December 2021;
- Mobe Growth's statutory historical consolidated income statements for FY2020, FY2021 and 1HY2021 and the period 1 July 2021 to 28 September 2021;
- Mobe Growth's statutory historical consolidated cash flow statements for FY2020, FY2021 and 1HY2021 and the period 1 July 2021 to 28 September 2021;
- Spring Kids' statutory historical income statement for FY2021 and the period 1 July 2021 to 29 September 2021;
- Spring Kids' statutory historical cash flow statements for FY2021 and the period 1 July 2021 to 29 September 2021;
- Zest Living's and Zest Living Development's combined historical statement of financial position as at 31 December 2021; and
- The Partnership's historical statement of financial position as at 31 December 2021,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 7 of the Replacement Prospectus.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in Section 7 of the Replacement Prospectus, and comprising:

- MNL's pro forma historical consolidated income statements for FY2020, FY2021, 1HY2021 and 1HY2022;
- MNL's pro forma historical consolidated cash flow statements for FY2020, FY2021, 1HY2021 and 1HY2022;
- MNL's pro forma historical consolidated statement of financial position as at 31 December 2021; and
- the pro forma adjustments as described in Section 7 of the Replacement Prospectus,

is not presented fairly in all material aspects, in accordance with the stated basis of preparation, as described in Section 7 of the Replacement Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to Section 7.2, which describes the purpose of the financial information, being for inclusion in the Replacement Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Consent

RSM Corporate Australia Pty Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Declaration of Interest

RSM Corporate Australia Pty Ltd does not have any interest in the outcome of this transaction other than the preparation of this report for which normal professional fees will be received.

Yours faithfully

A. Clifford

RSM CORPORATE AUSTRALIA PTY LTD

Andrew Clifford
Director

12. SUMMARY OF VALUATION REPORTS

12.1 Charter Keck Cramer Valuation Letter

CHARTER. KECK CRAMER

Australia's most trusted & innovative property group.

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Sydney
Brisbane
Gold Coast
Singapore

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T 1300 242 787

Charter Keck Cramer Pty Ltd
ACN: 618 794 853
Charter Keck Cramer (Sydney) Pty Ltd
ACN: 601 785 326

Our Reference
J157631:MDB

28 June 2022

The Directors
Macarthur National
68 Dorcas Street

SOUTHBANK VIC 3006

Via Email: general@macarthurnational.com.au

Dear Directors

Re: Valuation Summary Letter

Macarthur National instructed Charter Keck Cramer (**Charter**) as an independent consultant to prepare valuations for a portfolio of eight properties in Victoria. These assessments were undertaken during the months of January, February, May and June 2022. The individual valuation assessments for each property have been prepared for Macarthur National's internal purposes only but are summarised for the purposes of this prospectus in this Valuation Summary Letter.

Disclaimer

Charter's services were provided to Macarthur National for a fee and in accordance with Charter's standard engagement terms.

This Valuation Summary Letter is prepared for the sole purpose of summarising in this prospectus Charter's valuation assessments of the subject properties. This Valuation Summary Letter must not be used or reproduced for any other purpose without Charter's written consent.

Other than this Valuation Summary Letter, Charter does not warrant that any information in this prospectus is correct or accurate, even if claimed to be from Charter.

The information contained in this Valuation Summary Letter must not be relied upon by any recipient, including for the purposes of assessing the subject properties or Macarthur National as an investment opportunity.

No Reliance and Limitation of Liability

All readers of this letter acknowledge and agree that:

- Charter is held harmless and assumes no liability for any loss or damage in connection with your use or reliance on this Valuation Summary Letter.
- Charter reserves the right to vary or amend the valuation assessments if necessary due to changing market conditions or other relevant information arises.
- Charter is a member of the Australian Property Institute and participates in its limitation of liability scheme approved under professional standards legislation.

ADVISORY.
RESEARCH & STRATEGY.
VALUATIONS.
PROJECTS.
CAPITAL.

Valuation Summary

The properties which have been valued and are summarised in this Valuation Summary Letter are as follows:

Address	Suburb	State	Market Value
6 Upton Drive	Officer	Victoria	$7,200,000
G02, 31 Edgewater Boulevard	Maribyrnong	Victoria	$5,600,000
6 Samsara Avenue	Truganina	Victoria	$6,000,000
S2, 14 Spring Road	Malvern	Victoria	$5,500,000
985C Mickleham Road	Greenvale	Victoria	$6,200,000
100 Beveridge Street	Swan Hill	Victoria	*$2,750,000
G2 & G3, 68 Dorcas Street	Southbank	Victoria	$1,225,000
2 – 4 Victoria Road	Lilydale	Victoria	$3,910,000
Lot 1, Fifteenth Street	Irymple	Victoria	$1,100,000

* "as if complete"

Property Description

The properties forming part of this portfolio comprise of child care centres (one of which is under construction), an office and a residential development site.

Critical Assumptions, Conditions and Limitations and Observations

This Valuation Summary Letter does not contain or describe all key conditions, assumptions, qualifications or observations that our valuation assessments are subject to.

Date of Valuation

The valuations are current as at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property).

General Market Commentary

We provide the following commentary in respect of the real estate market generally, particularly in the context of COVID-19 and also in respect of the market going forward, which is still characterised by significant uncertainty.

The commercial property sales that have occurred since March 2020 appear to show resilience without any discernible shift in yields or building / land value rates. Industrial assets are the star performer with strong yield compression and increases in land values. Commercial offices have been relatively stable with uncertainty of businesses occupancy footprint a major issue, whilst retail assets are dealing with increased on line retailing and e-commerce pressures.

Child Care Centres (in general)

There is strong demand for long day child care centres with yield rates demonstrating a range of say 4.5% - 5.5% and child care value rates falling into the general range of say $50,000 to in excess of $80,000 p.c.c.p. The current low interest rate environment continues to create interest in well located and secure investments although we caution that the current level of demand may not be sustainable, particularly should economic conditions worsen and / or interest rates rise.

The child care industry was met with strong Government support during the COVID 19 pandemic, evidenced by the Emergency Child Care Relief Package whereby the Government provided guaranteed income to centres equivalent to 50% of the centre revenue achieved in the fortnight preceding 2 March 2020 (prior to the onset of COVID-19). In order to receive the payment, services were to stay open, not charge families fees, prioritise care for essential workers and vulnerable or disadvantaged children, and comply with all regulatory requirements. From 28 September 2020, a $305 million recovery package commenced which provides continued support for the sector which including a 25% recovery payment until 31 January 2021, based on the average weekly fee charged in the fortnight preceding 2 March 2020 and additional funding for Outside School Hours Care.

Development Sites (in general)

Over the last five years, there has generally been strong support for real estate in Melbourne, particularly in the inner urban and city fringe localities around activity centres, but also throughout the middle suburban and outer land subdivisions. Over this period, developers acquired sites and at ever escalating values, undertaking developments providing a range of apartment and townhouse accommodation.

This market was strongly supported and fertilised by an environment of relatively low interest rates, easy debt to both developers and retail purchasers (historically), until recently amended the attraction of stamp duty savings for purchasers "off the plan" and significantly, strong interest from foreign purchasers and inexperienced persons seeking to undertake residential developments.

Sites in desirable localities with limited competing supply and which are suited to boutique schemes have remained well sought, as these are seen as more deliverable in the current environment. These sites usually offer above average access, with multiple street frontages enabling superior design outcomes including above average access to natural light and ventilation to all dwellings, enabling a far more efficient outcome; whilst the adjoining land uses are complementary enabling the delivery of a product for which discerning owner occupiers may pay a premium.

At the other end of the spectrum are secondary sites, usually involving design constraints and affected by less preferred surrounding land use issues such as busy thoroughfares, high voltage transmission lines, train lines, or a very real lack of amenity such as commercial, public transport, schools and parkland.

Larger sites, suited to projects of very real scale, particularly apartments, but also townhouses whilst still sought to varying degrees have also been affected, as these sites whilst viewed as having very real potential are now considered more landbank orientated opportunities, where purchasers must now acquire land and meet higher holding costs, usually with limited holding income derived from the asset.

Please visit our web site: **charterkc.com.au**

Yours sincerely
Charter Keck Cramer

Martyn D Boyle,
Director

Liability limited by a scheme approved under Professional Standards Legislation.

12.2 Yarrawonga Property Valuation Letter

LE:MW1
J00007692

m3property
Adelaide. Brisbane. Melbourne. Sydney
m3property Australia Pty Ltd
ABN 60 153 395 405
Level 29, 600 Bourke Street, Melbourne, VIC, 3000
Telephone +61 3 9605 1000
Email infovic@m3property.com.au
www.m3property.com.au

22 June 2022

The Directors
Macarthur National Limited
68 Dorcas Street
Southbank VIC 3006

Email: general@macarthurnational.com.au

Dear Directors,

RE: VALUATION SUMMARY
S35 MURRAY VALLEY HIGHWAY, YARRAWONGA, VICTORIA, 3730, AUSTRALIA

Introduction

We refer to the instructions requesting m3property to prepare a market valuation of the freehold interest of the abovementioned property being S35 Murray Valley Highway, Yarrawonga, Victoria, 3730, Australia ("Property") on behalf of Macarthur National Limited to advise the assessed value of the Property for inclusion in a Prospectus.

The property comprises a proposed Land Lease Community whereby construction of the village has commenced. We have therefore undertaken a Project Related Site Assessment (PRSA).

This Summary Letter outlines the key considerations adopted in arriving at our opinion of the PRSA. m3property Australia Pty Ltd consents to the inclusion of this Summary Letter in the Prospectus and to being named in the Prospectus, subject to the comments, terms and assumptions contained within the Valuation, this Summary Letter and the further condition that Macarthur National Limited includes the Qualifications and Warnings detailed within this Summary Letter in the Prospectus.

This summary letter is subject to the comments within our full valuation report dated 11 June 2022 which contains details of the considerations and assumptions/conditions/qualifications impacting on value. This correspondence is subject to and should be read in conjunction with all qualifications, assumptions, conditions and disclaimers contained within the valuation report.

Basis of Valuation

The purpose of the valuation was to assess the "Market Value" of the Property. The term "Market Value" is defined by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API).

"Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."

Given the status of the development we have undertaken PRSA.

We note that the Australian Property Institute does not define project related site assessment and we do not believe there is any legal precedence for the definition. For the purpose of this report the project related site assessment may be defined as:

"The value of the site in relation to the project intended for the land being an amount which depends entirely upon the successful completion of the project by the developer as forecast in the analysis. The project related site assessment does not represent the value of the land in isolation, but rather an assessment concluded by way of a hypothetical development cash flow analysis in relation to the particular project proposed."

The project related site assessment is specific to the developer and this assessment should not be construed as Market Value.

The project related site assessment has regard to the critical assumptions detailed in the full valuation report.

Our assessment is current as at the date of inspection only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements and factors specific to the particular property). We do not accept responsibility of liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the assessment is relied upon after the expiration of 90 days from the date of the valuation or such earlier date if you become aware of any factors that have an effect on the valuation.

Brief Property Description

Current Land Use

The subject property comprises a large development site that is predominately level in surface contour. At the date of inspection, civil works for Stage 1 were complete with construction of the roads, fire services installed and lots pegged and construction of the first two display suites started.

Proposed Development

Upon completion, the property will comprise a land lease village with 155 two, two plus study and three-bedroom Independent Living Units (ILUs), clubhouse community facilities including entry foyer and reception, office room, library, flexible dining area, cinema, resident kitchen and lounge/dining area with fireplace, male/female amenities, gym/studio room, indoor swimming pool, lawn bowls and BBQ area.

The proposed village will be constructed in 3 different stages. Stage 1 will comprise approximately 29,570 square metres of developable land area including works such as the access road to the village, 62 ILUs and the clubhouse community centre. Stage 2 will comprise approximately 14,350 square metres of developable land area and will comprise 50 ILUs. Stage 3 will comprise approximately 15,400 square metres of developable land area and will comprise 43 ILUs.

Units

Staged site plan show there are 4 designs with the following attributes and quantity of each design:

Type	Quantity	Bedroom	Bath	Car	Living (m^2)	Carport (m^2)	Outdoor (m^2)	Total (m^2)
Type 1	37	2	1	Single	80.0	20.0	56.0	156.0
Type 2	41	2	2	Single	96.0	20.0	62.0	178.0
Type 3	38	2 plus Study	2	Single	106.0	20.0	53.6	179.6
Type 4	39	3	2	Single	108.9	20.0	53.6	182.5
Total/Average	155				97.7	20.0	56.3	174.0

The above floorplan types generally comprise an entry deck, hallway, open plan living/dining/kitchen, a bathroom, a separate toilet or ensuite, laundry and either two, two plus study or three bedrooms. The units include an attached single garage.

Page 2

Valuation Rationale

The hypothetical development model is adopted for assessing the PRSA of the village and is based upon explicit assumptions regarding the prospective cash flows which will arise from the hypothetical purchase and development of the subject property.

The cash flow will take into account the project gross realisation; but does not account for escalations in revenue nor cost. A Profit and Risk (P&R) factor is applied to the net position derived after the deduction of selling/marketing costs and GST. This factor is a reflection of the required return and risk profile of the property. It is a static factor providing a required return for the life of the project, does not represent an annual return, and accordingly, is useful for projects or discrete portions of projects of relatively short duration. Relevant development, holding, interest and acquisition costs are then deducted from the net realisation resulting in an estimate of the current Project Related Site Assessment of the subject property.

We have adopted this approach to assess our PRSA. This approach is specific to the project and in part relies upon information provided by the developer. The approach is sensitive and changes in assumptions and provided information will result in a change to the resultant assessment.

It is noted that in the case of advice provided in the valuation report which is of a projected nature, we must emphasise that specific assumptions have been made which appear reasonable based upon current market sentiment and forecasts. It follows that any one of the associated assumptions may change over time and no responsibility can be accepted in this event. Accordingly, the indicated figures should not be viewed as absolute certainty.

Critical Assumptions

Our assessment is subject to the Critical Assumptions, Conditions and Limitations as contained within and throughout the valuation report.

Valuation Summary

Having regard to each of the approaches outlined within the valuation rationale and full valuation report, we summarise below our assessment of Value.

Summary

PRSA Valuation Summary	
Project Related Site Assessment – PRSA	
Gross Realisation (155 Units)	$73,070,000
Average Unit Price	$471,419
Value of Site Rental on Completion	$17,450,000
Net Rental During Development	$1,758,987
Total Development Costs (Inc GST & contingency)	$51,016,394
Development Margin	20.00%
Development Profit after Interest	$13,717,752
IRR Before Interest	12.80%
Indicated Value	$14,822,621
Total Adopted Value (Exclusive of GST)	**$14,800,000**

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As If Complete Going Concern Valuation Summary (Stage 1, 2 and 3)		
Core Assumptions – Value of Site Rental		
Number of Units		155
Resident Mix	Couples:	44.5%
	Singles:	55.5%
Gross Income		$1,526,659
Total Expenses vs Income @ 34.3%		$523,066
Net Adopted Income		$1,003,593
Adopted Capitalisation Rate		5.75%
Indicated Value of Site Rental		$17,453,788
Adopted Value of the Site Rental On Completion		**$17,450,000**
Value per Unit		$112,581

Valuation Summary – As If Complete	
Value of Site Rental	$17,450,000
Total Adopted Value (Exclusive of GST)	$17,450,000

Qualifications

We consent to the inclusion of this summary letter in the Prospectus on the following conditions:

- This letter is a summary of the valuation only and has not been prepared for the purpose of assessing the Property as an investment opportunity.
- m3property has not been involved in the preparation of the Prospectus nor have we had regard to any material contained in the Prospectus. This letter does not take into account any matters concerning the investment opportunity contained in the Prospectus.
- m3property consents to this Summary Letter being included in the Prospectus, noting m3property was involved only in the preparation of this Summary Letter and the Valuation Report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in the Prospectus.
- m3property has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the property or the investment opportunity contained in the Prospectus.
- The formal valuation and this letter are strictly limited to the matters contained within them and are not to be read as extending, by implication or otherwise, to any other matter in the Prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither this letter nor the full valuation report may be reproduced in whole or in part without the prior written approval of m3property.
- m3property has prepared this letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- This summary letter is to be read in conjunction with our formal valuation report of 11 June 2022 and is subject to the assumptions, limitations and disclaimers contained therein. We refer the investor to Macarthur National Limited to obtain a copy of the full report for the period the Investment Prospectus is open.
- m3property has received a fee from Macarthur National Limited for the preparation of the valuation report and this summary letter.
- m3property are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under professional Standards legislation and is compulsory for all API members.

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Liability Disclaimer

This letter has been prepared subject to the conditions referred to in this letter. Neither m3property nor any of its directors makes any representation in relation to the Prospectus nor accepts any responsibility for any information or representation made in the Prospectus, other than this summary letter.

m3property was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in the Prospectus, other than in respect of the valuation report and this summary letter.

Yours sincerely
m3property

Laila Burnet
laila.burnet@m3property.com.au

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12.3 Fyansford Property Valuation Letter

LB:MW1
J00007693

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21 June 2022

The Directors
Macarthur National Limited
68 Dorcas Street
Southbank VIC 3006

Email: general@macarthurnational.com.au

Dear Directors,

RE: VALUATION SUMMARY
110-120 DE GOLDIS ROAD, FYANSFORD, VICTORIA, 3218, AUSTRALIA

Introduction

We refer to the instructions requesting m3property to prepare a market valuation of the freehold interest of the abovementioned, 110-120 De Goldis Road, Fyansford ("Property") on behalf of Macarthur National Limited to advise the assessed Market Value of the Property for inclusion in a Prospectus.

This Summary Letter outlines the key considerations adopted in arriving at our opinion of the Market Value. m3property Australia Pty Ltd consents to the inclusion of this Summary Letter in the Prospectus and to being named in the Prospectus, subject to the comments, terms and assumptions contained within the Valuation, this Summary Letter and the further condition that Macarthur National Limited includes the Qualifications and Warnings detailed within this Summary Letter in the Prospectus.

This summary letter is subject to the comments within our full valuation report dated 14 June 2022 which contains details of the considerations and assumptions/conditions/qualifications impacting on value. This correspondence is subject to and should be read in conjunction with all qualifications, assumptions, conditions and disclaimers contained within the valuation report.

Basis of Valuation

The purpose of the valuation was to assess the "Market Value" of the Property. The term "Market Value" is defined by the International Valuation Standards Committee (IVSC) and endorsed by the Australian Property Institute (API):

"Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion."

Included in the amount of this valuation are items of building fixtures, fittings, together with all building plant and equipment.

Our valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements and factors specific to the particular property). We do not accept responsibility of liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume responsibility or accept liability where the valuation is relied upon after the expiration of 90 days from the date of the valuation or such earlier date if you become aware of any factors that have an effect on the valuation.

Brief Property Description

As at the date of inspection, the land is vacant land, cleared of any existing improvements and the land is undulating in surface contour with a gentle slope towards the southern boundary.

Valuation Rationale

In assessing the Market Value of the Property, we conducted various investigations including analysis available market evidence, and we applied that analysis to the primary approach being Market Approach whereby we assess the value of the property utilising the direct comparison method.

It is noted that in the case of advice provided in the valuation report which is of a projected nature, we must emphasise that specific assumptions have been made which appear reasonable based upon current market sentiment and forecasts. It follows that any one of the associated assumptions may change over time and no responsibility can be accepted in this event. Accordingly, the indicated figures should not be viewed as absolute certainty.

Sales Evidence Summary

Analysis and application of market derived evidence considered for the Property is as contained within the valuation report.

Critical Assumptions

Our valuation is subject to the Critical Assumptions, Conditions and Limitations as contained within and throughout the valuation report.

Valuation Summary

Having regard to the valuation approach outlined within the valuation rational and full valuation report, we summarise below our assessment of Market Value.

Summary

Direct Comparison				
Developable Area	6.88 ha	@	$945,000/ha	$6,505,610
Adopted As Is Market Value Rounded exclusive of GST				$6,500,000

Sale History

The subject property was acquired on 10 January 2022 on extended settlement terms for a consideration of $6,500,000 (exclusive of GST) which reflects a rate of $943,396/ha. The contract is subject to the special condition a planning permit is granted on the basis the property can be developed as a land lease village with a sunset clause being 24 December 2023. We are advised an application was submitted to Council on 31 March 2022 for the development of a 165 lot land lease village.

Qualifications

We consent to the inclusion of this summary letter in the Prospectus on the following conditions:

- This letter is a summary of the valuation only and has not been prepared for the purpose of assessing the Property as an investment opportunity.
- m3property has not been involved in the preparation of the Prospectus nor have we had regard to any material contained in the Prospectus. This letter does not take into account any matters concerning the investment opportunity contained in the Prospectus.
- m3property consents to this Summary Letter being included in the Prospectus, noting m3property was involved only in the preparation of this Summary Letter and the Valuation Report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in the Prospectus.
- m3property has not operated under an Australian financial services licence in providing this letter and makes no representation or recommendation to a prospective investor in relation to the valuation of the property or the investment opportunity contained in the Prospectus.

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- The formal valuation and this letter are strictly limited to the matters contained within them and are not to be read as extending, by implication or otherwise, to any other matter in the Prospectus. Without limitation to the above, no liability is accepted for any loss, harm, cost or damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation.
- Neither this letter nor the full valuation report may be reproduced in whole or in part without the prior written approval of m3property.
- m3property has prepared this letter solely in reliance upon the financial and other information (including market information and third party information) provided by the instructing party and has assumed that information is accurate, reliable and complete. We confirm that we have not tested the information in that respect.
- This summary letter is to be read in conjunction with our formal valuation report of 14 June 2022 and is subject to the assumptions, limitations and disclaimers contained therein. We refer the investor to Macarthur National Limited to obtain a copy of the full report for the period the Investment Prospectus is open.
- m3property has received a fee from Macarthur National Limited for the preparation of the valuation report and this summary letter.
- m3property are participants in the Australian Property Institute (API) limited liability scheme. This scheme has been approved under professional Standards legislation and is compulsory for all API members.

Liability Disclaimer

This letter has been prepared subject to the conditions referred to in this letter. Neither m3property nor any of its directors makes any representation in relation to the Prospectus nor accepts any responsibility for any information or representation made in the Prospectus, other than this summary letter.

m3property was involved only in the preparation of this summary letter and the valuation report referred to herein, and specifically disclaims any liability to any person in the event of any omission from, or false or misleading statement included in the Prospectus, other than in respect of the valuation report and this summary letter.

Yours sincerely
m3property

Laila Burnet
laila.burnet@m3property.com.au

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13. ADDITIONAL INFORMATION

13.1 Registration

Macarthur is an Australian public, unlisted company that was incorporated on 30 April 2019 in Victoria, Australia.

13.2 Company Tax Status and Financial Year

The Company is and will be subject to tax at the Australian corporate tax rate.

The Company's financial year ends on 30 June annually.

13.3 Material Contracts

The following contracts are considered by the Directors to be material for the purposes of this Prospectus or may be relevant to a potential investor.

Macarthur Long Day Care properties

a. Greenvale purchase

Clifstone, while trustee of the MNLPT, purchased the Greenvale Property in November 2021 from Barkly Greenvale (a related entity of Macarthur). Under the sale documentation pursuant to which Clifstone purchased the Greenvale Property:

i. Barkly Greenvale agreed to engage a builder for the construction of a childcare centre on the property (as set out in Section 4.4 construction is now complete and Macarthur is operating a childcare centre on this property).

ii. Clifstone will have no recourse under its agreement with Barkly Greenvale to claim compensation for costs incurred in rectifying defects, which means Clifstone may incur significant costs if defects in the building works are identified (although to date no material defects have been identified).

iii. Clifstone assumes all responsibility for any contamination on the land whether arising before, on or after the date of settlement (although to date no contamination has been identified).

The Greenvale Property is in the process of being transferred to EFM Nominee Services following the retirement of Clifstone and appointment of EFM Nominee Services as trustee of the MNLPT, as outlined in section 13.3(m) below.

b. Malvern purchase

Clifstone, while trustee of the MNLPT, purchased the Malvern Property in November 2021 from Barkly Malvern. Under the sale documentation pursuant to which Clifstone purchased the Malvern Property:

i. Barkly Malvern agreed to engage a builder for the construction of a childcare centre on the property (as set out in Section 4.4 construction is now complete and Macarthur is operating a childcare centre on this property).

ii. Clifstone has limited recourse against Barkly Malvern to rectify defects on the property, which means Clifstone may incur significant costs if defects in the building works are identified (although to date no material defects have been identified).

iii. Clifstone assumes all responsibility for any contamination on the land whether arising before, on or after the date of settlement (although to date no contamination has been identified).

The Malvern Property is in the process of being transferred to EFM Nominee Services following the retirement of Clifstone and appointment of EFM Nominee Services as trustee of the MNLPT, as outlined in section 13.3(m) below.

c. Maribyrnong purchase

Clifstone, while trustee of the MNLPT, purchased the Maribyrnong Property in November 2021 from 31 Edgewater. Under the sale documentation pursuant to which Clifstone purchased the Maribyrnong Property:

i. 31 Edgewater agreed to engage a builder to conduct building works on the property (as set out in Section 4.4 construction is now complete and Macarthur is operating a childcare centre on this property).

ii. Clifstone has limited recourse against 31 Edgewater to rectify defects on the property, which means Clifstone may incur significant costs if defects in the building works are identified (although to date no material defects have been identified).

The Maribyrnong Property is in the process of being transferred to EFM Nominee Services following the retirement of Clifstone and appointment of EFM Nominee Services as trustee of the MNLPT, as outlined in section 13.3(m) below.

d. Loan to fund property acquisitions

In order to fund its purchase of the Greenvale Property, Malvern Property and Maribyrnong Property, Clifstone entered into a loan agreement with Eildon Funds Management Limited as trustee for the Eildon Debt Fund (**Eildon**), whereby:

i. Eildon advanced Clifstone a loan in the amount of $10,000,000;

ii. the full amount of the loan (including unpaid interest) must be repaid 6 months after the loan is advanced;

iii. interest accrues at the rate of 7.75% per annum, and is payable monthly in arrears. If an event of default occurs (for example, if Clifstone does not pay the loan by the due date), the interest rate increases to 12.75%;

iv. the loan is secured by a mortgage over the Greenvale Property, Malvern Property and Maribyrnong Property, and a general security deed over Clifstone's present and after-acquired property. Macarthur has also provided a corporate guarantee for the loan;

v. the loan to value ratio must not exceed 57.5%;

vi.. Eildon is provided with a right of first refusal in relation to any further debt funding required in relation to the Malvern Property, Maribyrnong Property or the Greenvale Property;

vii. the facility includes various events of default that are typical for a facility of this type, for example, non-payment of amounts owing, misrepresentations, or events of insolvency; and

viii. after any event of default (as described above) Eildon may:

   A. cancel the facility;

   B. declare all or part of the monies advanced are immediately due and payable;

   C. exercise Clifstone's rights as landlord under the leases for the properties acquired by Clifstone;

   D. increase the interest rate by 5% (as noted above); and

   E. appoint accountants, insolvency practitioners or other experts to investigate and report on the relevant documents and the affairs and financial position of Macarthur, Clifstone and the properties provided as security.

The loan facility is in the process of being refinanced whereby EFM Nominee Services, as the new trustee of the MNLPT, will obtain a facility from a Bank on market terms. EFM Nominee Services is currently negotiating the facility agreement with the Bank. However, the key terms of the new facility agreement are likely to be as follows:

i. Bank to advance EFM Nominee Services as trustee for MNLPT a total of $10,637,500 across two tranches:

   A. Tranche A: $9,362,500, which relates to the Malvern Property, Greenvale Property, Maribyrnong Property and Head Office; and

   B. Tranche B: $1,375,000, which relates to the Swan Hill Property;

ii. EFM Nominee Services must pay an establishment fee of $53,187 (of which $15,000 has already been paid);

iii. the full amount of the loan (including unpaid interest) must be repaid 36 months from the date of the first drawdown, which must occur within 60 calendar days of execution of the agreement;

iv. EFM Nominee Services can elect to fix the interest rate (fixed rate) or pay interest on a variable rate (variable rate):

   A. under the variable rate, interest accrues at a rate to be determined by the summing of 0.65% plus Variable Base Rate plus the Business Loan Margin (currently 0%) per annum and is payable monthly in arrears; and

   B. under the fixed rate, interest accrues at a fixed rate determined by the Bank at the beginning of each fixed rate period.

   If EFM Nominee Services does not make an election, interest will automatically accrue at the variable rate;

v. the loan is secured by a mortgage over the Greenvale Property, Malvern Property, Maribyrnong Property, Head Office and Swan Hill Property and a general security deed over EFM Nominee Services' present and after-acquired property;

vi. the loan to value ratio for each of properties must not exceed 50%;

vii. the facility includes various events of default that are typical for a facility of this type, for example, non-payment of amounts owing, misrepresentations, or events of insolvency;

viii. after any event of default (as described above) the Bank may:

   A. cancel the facility; and

   B. declare all or part of the monies advanced are immediately due and payable.

e. Swan Hill contract

Mobe Developments Pty Ltd (**Mobe Developments**) (a wholly owned Subsidiary of Macarthur) has entered into a contract for the construction of a childcare centre on the Swan Hill Property.

This contract is on market standard terms, however there are a number of terms that are favourable to the builder under the contract (**Builder**). For example:

i. Mobe Developments is entitled to claim liquidated damages for delays to practical completion attributed to the Builder, at the rate of $145 per day (which is a relatively low rate by market standards). However, the Builder is entitled to claim extensions of time to practical completion (thereby being relieved of liability for liquidated damages) in a broad range of circumstances.

ii. The Builder is entitled to recover costs for variations to the building contract that result in an increase in the contract sum. If the parties have not agreed on the price of a variation, that variation is to be priced by using reasonable rates and prices, and in the case of additional work, including an amount of 20% of the cost of the variation for overheads and profit (which is a relatively high percentage), and in the case of work that is taken out of the contract, the deduction must not include an amount for overheads and profit.

iii. Each party indemnifies the other against loss of or damage to property (other than the works) and claims in respect of personal injury or death, arising out of or as a consequence of a cause or event at that party’s risk. It is unusual for a principal (i.e. Mobe Developments) to be providing such an indemnity given that it is unlikely to be on site, however this risk should be able to be managed through insurance and through careful management of any principal (and agent) presence on site.

f. Development Management Agreement - Swan Hill Property

Macarthur has entered into an agreement dated 11 May 2022 with Eildon Capital Trust, EFM and Mobe Developments whereby it was agreed that:

i. Eildon Capital Trust will invest up to 19.9% in MNLPT;

ii. Eildon Capital Trust will fund the balance of the construction of childcare centre on the Swan Hill Property to the value of $825,647. Any additional capital above $825,647 required to reach practical completion will be funded by Mobe Developments; and

iii. Mobe Developments will manage the Builder of the Swan Hill Property up until practical completion of the childcare centre.

In May 2022, Macarthur sold units of MNLPT to EFM Nominee Services as trustee for the Eildon Health and Education Fund, as described in section 13.3(o). The parties have reached an understanding that in relation to the funding noted in item (ii) above, will, as consideration for the funding, progressively issue further units of MNLPT (of value equivalent to the construction funding provided) to EFM Nominee Services as trustee for the Eildon Health and Education Fund, which once final, is expected to take Eildon Investment's total interest in MNLPT to 19.9%.

The Swan Hill Property is in the process of being transferred to EFM Nominee Services following the retirement of Clifstone and appointment of EFM Nominee Services as trustee of MNLPT, as outlined in section 13.3(m) below.

g. Head Office acquisition

Clifstone, while acting as trustee of MNLPT entered into a contract of sale to purchase the Head Office Property from 20Q Land, which is a related party of Macarthur.

This contract of sale is on arm's length commercial terms. Macarthur has issued 4,705,350 Shares to 20Q Land under the Head Office Acquisition.

The Head Office Property is in the process of being transferred to EFM Nominee Services following the retirement of Clifstone and appointment of EFM Nominee Services as trustee of MNLPT, as outlined in section 13.3(m) below.

h. Partnership Acquisition

As noted earlier in this Prospectus, Clifstone, while acting as trustee of MNLPT, acquired a 30% interest in the Partnership.

The Partnership was established for the purposes of owning and operating childcare centres. At present the Managing Partner (on behalf of the Partnership) owns one property located in Officer and one property located in Truganina, which are each leased for use as child care centres (see Section 4.4 of this Prospectus for details).

MNLPT's interest in the Partnership is subject to the following material terms:

i. If the Partnership requires further capital:

   A. Partners are required to provide further capital based on their respective 'Partners' Proportion' (being the sum of the capital a Partner has contributed to the Partnership compared as a percentage of the total capital contributed to the Partnership at any point in time). If a Partner does not contribute capital as required, they must forfeit their interest in the Partnership.

   B. The Partners are entitled to the profits and are responsible for the losses of the Partnership business in proportion to their Partnership interest or as is otherwise agreed from time to time.

ii. The Managing Partner (an entity wholly owned by Macarthur) is responsible for the general management and operations of the Partnership. The Managing Partner is paid a management fee at reasonable commercial rates, and is entitled to be indemnified out of the assets of the Partnership against liabilities incurred by it in the performance of its obligations under the 'Partnership Deed' governing the Partnership.

As part of the Partnership Acquisition, Clifstone in its capacity as trustee of MNLPT, purchased:

- a 9.56% interest in the Partnership from Melbourne Insurance Co Pty Ltd (Receiver and Manager Appointed) (ACN 003 395 784) (**MIC**). As part of this acquisition, Macarthur has also agreed to indemnify MIC's external administrator for any stamp duty payable by MIC and/or its administrators arising from the transaction;
- a 9.56% interest in the Partnership from Stanton Lea Pty Ltd ACN 611 043 200 as trustee for the Pilmora Superannuation Fund (**Pilmora**); and
- a 10.7% interest in the Partnership from AWCC Pty Ltd ACN 601 600 926 (**AWCC**).

(together, the Partnership Vendors).

Due to the change in trustee of MNLPT, as discussed at Section 13.3(m), Clifstone is in the process of transferring the 30% interest in the Partnership to EFM Nominee Services as trustee of MNLPT.

i. Partnership Loan

The Managing Partner has entered into a loan agreement with a Bank (**Partnership Loan**).

The key terms of the Partnership Loan are as follows:

i. Two loan facilities have been advanced by the Bank to the Managing Partner under the Partnership Loan:

   A. one facility in the amount of $2,772,500 has been advanced by the Bank to the Managing Partner for the development of the Officer Property (which development has now completed) (**Officer Facility**); and

   B. one facility in the amount of $2,227,500 has been advanced by the Bank to the Managing Partner for the development of the Truganina Property (which development has also now completed) (**Truganina Facility**).

ii. The due date for repayment is 31 March 2023.

iii. Interest accrues on this loan at the bank bill swap rate. The Managing Partner must pay a line of 1.95% per annum on the facility limit (in respect of both loan facilities) monthly in advance on the first business day of each month until all amounts owing are repaid.

iv. If the Bank reasonably believes that an event of default has occurred under the loan agreement, the Bank may increase its fees or interest rates, or introduce new fees.

v. The amounts owing under each loan facility are secured by mortgages over the Officer and Truganina Properties, a general security interest (registered on the Australian Personal Property Securities Register) over all of the assets and undertakings of the Managing Partner, as well as a security interest over the account in which the Managing Partner receives rent from the Officer and Truganina Properties.

vi. In addition to the security granted by the Managing Partner, each other Partner has entered into a partner warranty deed (**Warranty Deed**) with the Bank as security for the Managing Partner's obligations under the Partnership Loan. Under the Warranty Deed:

   A. each Partner agrees that any money owed to the Partners by the Managing Partner is subordinated to money owed to the Bank under the Partnership Loan; and

   B. each Partner agrees to use their best endeavours to ensure the Managing Partner does not default under the Partnership Loan documents.

   EFM Nominee Services may need to become party to the Warranty Deed.

vii. The Partnership Loan contains the following financial ratio covenants:

A. the loan to value ratio in relation to each of the Officer Facility and Truganina Facility must not exceed 55% at all times; and

B. the ratio of (i) rental income received from each of the Officer Property and Truganina Property to (ii) the finance costs in respect of the relevant debt facility, in any given twelve month period must be at least 2 to 1.

If either of these financial covenants are breached, this will constitute an event of default.

j. Lilydale Property

Mobe Developments entered into a contract to purchase land in Lilydale from an arm's length third party, Parsons Estates Pty Ltd, which has now settled.

The key terms are as follows:

i. address of the land is: 2 - 4 Victoria Road, Lilydale VIC 3140;

ii. the purchase price is $3,910,000 (ex. GST);

iii. settlement on 30 April 2022;

iv. the purchase is of vacant possession of the property;

v. completion of the sale is not subject to finance or any other preconditions;

vi. the vendor gives standard warranties and indemnities that are typical for an agreement of this type, such as (such as right and capacity to sell the business, representations were true and correct, has the right to sell the land); and

vii. if the vendor defaults under the agreement, Mobe Developments is entitled to sue for loss and the vendor must:

A. repay any money paid pursuant to the contract; and

B. pay any interest and reasonable costs payable under the agreement.

k. Irymple Property

Mobe Developments has entered into a contract to purchase land in Irymple, Victoria from an arm's length third party, Mistoc Anna Pty Ltd ACN 006 011 150

The key terms are as follows:

i. the address of the land is: Lot 1, Fifteenth Street, Irymple, Victoria, 3498

ii. the purchase price is $1,100,000 (ex. GST);

iii. settlement is due on or around 24 August 2022;

iv. the purchase is of vacant possession of the property;

v. completion of the sale is not subject to finance or any other preconditions;

vi. the vendor gives standard warranties and indemnities that are typical for an agreement of this type, such as (such as right and capacity to sell the business, representations were true and correct, has the right to sell the land); and

vii. if the vendor defaults under the agreement, Mobe Developments is entitled to sue for loss and the vendor must:

A. repay any money paid pursuant to the contract; and

B. pay any interest and reasonable costs payable under the agreement.

Macarthur anticipates entering into a loan facility for $0.6m to fund 50% of the acquisition of the Irymple Property.

l. Loan to purchase Lilydale Property

In order to fund its purchase of the Lilydale Property Mobe Developments entered into a loan agreement with EFM, whereby:

i. EFM agreed to advance Mobe Developments a loan in the amount of $2,541,500;

ii. the full amount of the loan (including unpaid interest) must be repaid 12 months after the loan is advanced;

iii. interest accrues at the rate of 7.90% + Base Rate per annum, and is payable monthly in arrears. If an event of default occurs (for example, if Mobe Developments does not pay the loan by the due date), the interest rate increases to 13%;

iv. the loan is secured by a mortgage over the Lilydale Property, and a general security deed over Mobe Development's present and after-acquired property. Macarthur has also provided a corporate guarantee for the loan;

v. the loan to value ratio must not exceed 65%;

vi. EFM is provided with a right of first refusal in relation to any further debt funding required in relation to the Lilydale Property;

vii. the facility includes various events of default that are typical for a facility of this type, for example, non-payment of amounts owing, misrepresentations, or events of insolvency; and

viii. after any event of default (as described above) EFM may:

    A. cancel the facility;

    B. declare all or part of the monies advanced are immediately due and payable;

    C. increase the interest rate to 13% (as noted above); and

    D. appoint accountants, insolvency practitioners or other experts to investigate and report on the relevant documents and the affairs and financial position of Macarthur, Mobe Developments and the properties provided as security.

The total potential advance under this agreement is $3,354,000, with the balance conditional on the acquisition of another property (the purchase of which is no longer being pursued), and accordingly the borrowing capacity is limited as set out above.

m. Retirement of Clifstone as trustee for the MNLPT

On 11 May 2022, Clifstone retired as the trustee for the MNLPT. EFM Nominee Services Pty Limited (**EFM Nominee Services**) was appointed as the new trustee for the MNLPT.

As part of the retirement, Clifstone agreed to transfer all the assets of MNLPT to EFM Nominee Services. Finalisation of the transfer is in progress as noted above.

n. Management of MNLPT properties

Macarthur has also entered into an investment management agreement on 11 May 2022 whereby Eildon Funds Management (**EFM**) was appointed manager of MNLPT.

The following key terms apply:

i. EFM is entitled to a fund management fee of 0.65% per annum of the Gross Asset Value of the properties owned by MNLPT, calculated monthly and payable in arrears within 10 Business Days of the end of each month. Additional fees may be payable if any asset disposals occur or any debt arrangements are entered into.

   The manager must rebate $50,000 to the trustee by way of setting off against the monthly fund management fee. This rebate is only payable while no other units are issued in MNLPT. Additional fees may apply if additional unitholders become party to the MNLPT;

ii. Macarthur will be given a first right of refusal in relation to leasing property subject to the agreement, which includes all property owned by EFM Nominees on behalf of MNLPT;

iii. MNLPT will be given a first right of refusal to purchase any property owned under the trust; and

iv. the trustee and manager must not issue units or any other capital that would result in Macarthur and its subsidiaries holding less than 25% of the total units on issue in the MNLPT.

o. Sale of units in MNLPT

Macarthur has sold 1,958,164 fully paid ordinary units in MNLPT to EFM Nominee Services as trustee of the Eildon Health and Education Fund for $1,932,739 ($1,958,164 less adjustments of $25,425 in favour of EFM Nominee Services).

The units, in aggregate, total 14.876% of the units of MNLPT.

Macarthur Long Day Care business

p. Mobe Growth Acquisition

In September 2021, Macarthur purchased all of the share capital in Mobe Growth. Mobe Growth is an entity which, through its various subsidiaries, which at the time owned and operated 6 Long Day Care centres in Victoria, trading under the 'Montessori Beginnings' brand (see Section 4.4 for details).

Under the sale agreement for the Mobe Growth acquisition:

i. in consideration for shares in Mobe Growth, Macarthur issued 36,436,110 Macarthur Shares, at a nominal price of $0.20 per Share (an aggregate value of $7,287,222).

ii. the vendors gave standard warranties and indemnities concerning (among other things) the financial position of Mobe Growth's business, its compliance with laws (including employment and industrial relations, taxation, and laws governing the operation of childcare centres) and corresponding indemnities;

iii. Macarthur has 4 years from the date of completion of this Acquisition to make a claim under the vendor warranties (except with respect to a tax-related warranty, for which the time period is 7 years) and the maximum amount Macarthur can claim under the warranties is $7,287,222; and

iv. the vendors are subject to restraints of trade, under which they are restrained from participating in a competing business for a period of up to 2 years following completion.

In transactions of this type, it is typical for a natural person to be named as a guarantor, to guarantee the warranties and other obligations of the vendors. This is designed to ensure that, if the vendors (all of which are corporate entities) are de-registered or become insolvent during the period in which the buyer (in this case, Macarthur) could make a claim under the sale agreement, it could still pursue the guarantor. In this instance, no guarantor was named in the agreement, which may limit Macarthur's ability to make a claim under the sale agreement if required.

q. Montessori Beginnings Leases

Seven childcare centres operating under the 'Montessori Beginnings' brand (as described in Section 4.4) and one other, are operated by wholly owned subsidiaries of Mobe Growth (which is itself a wholly owned Subsidiary of Macarthur).

Each of these leases are on standard commercial terms, and contain obligations on Mobe Growth's subsidiaries as lessees that are typical for leases of this type. Mobe Growth is named as guarantor under a number of these leases.

Each lease has a relatively long terms of between 10 and 20 years, with options to renew for further terms.

r. Spring Kids Acquisition

In September 2021, Macarthur purchased Spring Kids from Athem, which is a related party of Macarthur. Spring Kids is an entity which owns and operates a Long Day Care centre in Malvern (refer to Section 4.4 of this Prospectus for details).

Under the sale agreement for the Spring Kids acquisition:

i. In consideration for shares in Spring Kids, Macarthur issued 8,507,490 Macarthur Shares, at a nominal price of $0.20 per Share (an aggregate value of $1,701,498);

ii. Athem gave standard warranties and indemnities concerning (among other things) the financial position of Spring Kids' business, its compliance with laws (including employment and industrial relations, taxation, and laws governing the operation of childcare centres) and corresponding indemnities;

iii. Macarthur has 4 years from the date of completion of this Acquisition to make a claim under the vendor warranties (except with respect to a tax-related warranty, for which the time period is 7 years) and the maximum amount Macarthur can claim under the warranties is $7,287,222; and

iv. Athem is subject to restraints of trade, under which they are restrained from participating in a competing business for a period of up to 2 years following completion.

In transactions of this type, it is typical for a natural person to be named as a guarantor, to guarantee the warranties and other obligations of the vendor. This is designed to ensure that, if the vendor (in this case Athem) is de-registered or becomes insolvent during the period in which the buyer (in this case, Macarthur) could make a claim under the sale agreement, it could still pursue the guarantor. In this instance, no guarantor was named in the agreement, which may limit Macarthur's ability to make a claim under the sale agreement if required.

s. Geelong Acquisition

Macarthur acquired a child care business operating in Geelong from an arm's length third party.

The key terms are as follows:

i. the purchase price is $280,000;

ii. completion of the sale is subject to the transfer of:

   A. the lease on which the business operates; and

   B. the relevant childcare services approval,

iii. The vendor gives standard warranties and indemnities that are typical for an agreement of this type, such as (such as right and capacity to sell the business, representations were true and correct, plant and equipment is in working order etc); and

iv. The vendor's liability is capped at the purchase price and liability for special, indirect and/or consequential loss is excluded.

t. Geelong Lease

As part of the Geelong Acquisition, Bay City Early Learning Geelong Pty Ltd (**Bay City Early Learning**) (a wholly owned Subsidiary of MNL Operations) entered into an agreement with CBD Investments Pty Ltd ACN 651 065 940 (**CBD Investments**) whereby:

i. CBD Investments grants Bay City Early Learning a lease of the property at 16 Little Ryrie Street, Geelong;

ii. the term of the lease is five (5) years commencing on 1 January 2018, with two further options of five (5) years each;

iii. the rent payable is $184,672 per annum. The rent will subject to CPI reviews on each anniversary of the commencement date of the lease.

MNL Operations is a guarantor under the Geelong Lease.

u. Agreement for lease - 148-150 Nicholson Street

MB Brunswick Pty Ltd (a wholly owned Subsidiary of Macarthur) (**MB Brunswick**), has entered into an agreement for lease with Cretan Brotherhood of Melbourne and Victoria Pty Ltd (**CBMV**), under which:

i. CBMV agrees to construct a Long Day Care centre on the property located at 148-150 Nicholson Street, Brunswick, Victoria;

II. once construction is complete, CBMV will grant MB Brunswick a lease of the property. Construction is scheduled to complete in approximately 18 months as at the date of this Prospectus;

iii. CBMV is responsible for rectifying any defects provided it is notified of the defect within 12 months following practical completion of the construction;

iv. once construction is complete, the lease will commence - the term of the lease is 10 years, with two further options of 10 years each; and

v. the rent payable will be $3,600 per annum for each Long Day Care centre place allowed under the relevant childcare services approval (for example if 100 places are permitted, the rent payable at the commencement of the lease will be $360,000. The rent will be increased by 3% on each anniversary of the start of the lease during the term.

v. Laverton

Montessori Beginnings Laverton Pty Ltd ACN 619 658 516 (a wholly owned Subsidiary of Mobe Growth) (**MB Laverton**), of which Henry Townsing Jr is currently a director undertook and has completed the sale of all of its assets. Upon the sale of all of its assets MB Laverton entered into voluntary de-registration. This process is ongoing.

As part of this sale, Mobe Growth agreed to indemnify Henry Townsing Jr and Loi Fai Tsim jointly and severally for any liability incurred in their capacity as guarantors under the contract.

Macarthur Land Lease Communities

w. Fyansford Acquisition

MNL Operations has entered into an agreement with an arm's length third party, Pante Family Developments Pty Ltd, to purchase land in Fyansford.

The key terms of the agreement are as follows:

i. address of the land is: 110 - 120 De Goldis Road, Fyansford VIC 3128;

ii. the purchase price is $6,500,000 (ex. GST);

iii. the sale is subject to MNL Operations being granted planning permission to develop a Land Lease Community which will incorporate resident house and resident care;

iv. if planning permission is not granted then the contract can be terminated by MNL Operations in exchange for forfeiting $400,000 of the deposit;

v. settlement is due 60 days after either:

   A. the planning permissions are granted; or

   B. MNL Operations waives this requirement

vi. completion of the sale is not subject to finance;

vii. the vendor gives standard warranties and indemnities that are typical for an agreement of this type, such as (such as right and capacity to sell the business, representations were true and correct, has the right to sell the land);

viii. if the vendor defaults under the agreement, MNL Operations is entitled to sue for loss and the vendor:

   A. repay any money paid pursuant to the contract; and

   B. pay any interest and reasonable costs payable under the agreement.

It should be noted that MNL Operations has applied to the City of Geelong council for the necessary planning permissions noted above on 30 March 2022 and expects that a response will be provided in the second half of 2022. MNL Operations has not received any advice to date from the City of Geelong which indicates that the necessary planning permits will not be granted.

x. Zest Living Acquisition

i. Zest Living Acquisition Agreement

As noted earlier in this Prospectus, Macarthur has acquired Zest Living and Zest Living Developments, which are two related companies incorporated for the purpose of developing a Land Lease Community housing project on the Yarrawonga Property.

Macarthur entered into a written agreement for the Zest Living Acquisition. The key terms are as follows:

A. The purchase price payable to the vendors under the Zest Living Acquisition was $7,075,000. This price was based on a valuation of the Yarrawonga Property of $10,000,000, net of a first mortgage debt secured by the Yarrawonga Property in the amount of $2,925,000, leaving an equity value of $7,075,000.

B. The consideration was payable in New Shares, being 35,375,000 in aggregate, before any NA Deficit noted below.

C. The Zest Living Acquisition was also subject to a Net Debt Adjustment mechanism, whereby if at the date for completion, the amount of net mortgage debt secured by the Yarrawonga Property was:

- greater than $2,925,000, the vendors would be liable to pay the difference to MNL Operations; and
- less than $2,925,000, the difference (**NA Deficit**) would be payable by MNL Operations to the vendors (in equal shares).

D. As MNL Operations was required to pay a NA Deficit to the vendors, the first $500,000 owing under the NA Deficit was required to be paid in New Shares (at an issue price of $0.20). Any amounts owing by MNL Operations pursuant to the NA Deficit in excess of $500,000 will be satisfied by way of dividends paid by Zest Living (provided the declaration and payment of dividends complies with all applicable laws and provided Zest Living has obtained all necessary consents).

E. The total number of New Shares issued under the Zest Living Acquisition to each vendor, after accounting for the NA Deficit, was 11,820,718 New Shares (being 35,462,154 in aggregate).

F. The vendors gave standard warranties and indemnities concerning (among other things) the financial position of Zest Living's business, its compliance with laws (including employment and industrial relations and taxation) and corresponding indemnities.

y. Bank Loan (Yarrawonga)

Zest Living has entered into a loan facility agreement with a major Australian bank (**Bank**) to fund the Yarrawonga Project (**Bank Loan (Yarrawonga)**).

The key terms of the Bank Loan (Yarrawonga) are as follows:

i. A loan in the amount of $2,925,000 was advanced to Zest Living to purchase the Yarrawonga Property (**Land Loan**). Interest accrues on this loan at the bank bill swap rate. Various other charges apply to this loan, including a 'Line Fee' of 1.95% per annum on the total amount available to be borrowed. The Land Loan must be repaid in full on 13 December 2022. The amount of $2,925,000 is currently fully drawn.

II. The Bank has agreed to advance up to $10,000,000 to fund construction costs for the Yarrawonga Project (**Development Loan**). Interest accrues on this loan at the bank bill swap rate. Various other charges apply to this loan, including a 'Line Fee' of 1.95% per annum on the total amount available to be borrowed. The Development Loan must be repaid in full on 13

December 2022.

iii. The Bank Loan (Yarrawonga) is secured by a mortgage over the Yarrawonga Property, and a general security deed over Zest Living and Zest Living Development's present and after-acquired property, including property in which Zest Living and Zest Living Development have, or may in the future have, rights or the power to transfer rights.

iv. The proceeds of the sale of any lots built on the Yarrawonga Property must be applied toward repayment of the Bank Loan (Yarrawonga) until the Bank Loan (Yarrawonga) is discharged.

v. If a default occurs under the Bank Loan (Yarrawonga), the Bank will have various enforcement rights, including the right to demand immediate payment of all amounts owing under the Bank Loan (Yarrawonga), the right to sell the Yarrawonga Property, and the right to take control and realise the profits of the Yarrawonga Project and any of Zest Living and Zest Living Development's other assets.

vi. The Yarrawonga Project must be completed in 7 stages and there are various conditions which must be met before Zest Living can complete each stage. For example, before Stage 2 can commence, Zest Living must enter into contracts to sell 75% of the Homes.

vii. The Bank Loan (Yarrawonga) is subject to financial ratio covenants, under which, the ratio of the amount owing under the loan and the value of the Yarrawonga Property must be at or below a certain percentage figure. The exact percentage figure is 50%, depending on the stage of development of the Yarrawonga Project. If these financial covenants are breached, this will amount to an event of default.

z. Civil works contract

Zest Living has entered into a civil works contract with a builder for the Yarrawonga Project.

This contract is on market standard terms.

The builder assumes all of the risk of any latent condition (e.g. arising from pollution or asbestos), which is a favourable position for Zest Living.

aa. Design & Construct Contract (Yarrawonga)

Zest Living Development has entered into a design and construct contract for the Yarrawonga Project. This contract is on market standard terms (and on similar terms to the civil works contract).

bb. Zest Clubhouse Construction Contract (Yarrawonga)

Zest Living Development has entered into a design and construct contract for the Zest Clubhouse. This contract is on market standard terms (and on similar terms to the civil works contract).

Other

cc. Sale of interest in Mitre Focus

As noted in Section 4.6, Macarthur sold its 6.3% of the issued capital of Mitre Focus, a company incorporated in Malaysia for RM302,400 (approximately AUD $97,100) (**Purchase Price**). The Purchase Price has been paid in full at the date of this Prospectus.

i. At the date of this Prospectus, an outstanding loan was owed by Mitre Focus to Macarthur in the amount of RM1,122,710 (approximately AUD $374,236) (**Mitre Focus Loan**).

ii. The purchaser of the Mitre Focus shares has granted a charge over the shares in favour of Macarthur as security for payment of the Mitre Focus Loan.

iii. Each of the shareholders of Mitre Focus (including the purchaser) have agreed that:

   A. Mitre Focus must utilize 42.5% of the remaining sum that is in excess of its operating costs to repay the Mitre Focus Loan before issuing dividends to the Mitre Focus shareholders; and

B. if the Mitre Focus Loan is not repaid on or before 31 December 2022, Macarthur is entitled to reclaim the shares being sold.

iv. Henry Townsing Snr is a director of Mitre Focus and will remain a director until the Mitre Focus Loan has been fully repaid.

dd. Deeds of indemnity, insurance and access

Macarthur has entered into individual deeds of indemnity, insurance and access with each of the following past and present directors of Macarthur (**Directors**):

i. Henry Townsing Sr;

ii. Les Fitzgerald; and

iii. Dennis Wilkie.

Under the deeds:

i. The Company indemnifies each Director against any liability suffered or incurred by the Director in his capacity as an officer of the Company or any of its Subsidiaries (each a **Group Company**).

ii. The indemnity referred to above does not apply in certain circumstances, which include (among others) where the liability arises from the Director initiating proceedings; or where the liability arises out of or in connection with any negligence, breach of duty or breach of trust in relation to a Group Company, of which the Director is found to be guilty by a court.

iii. The indemnity extends to the period ending on the earlier of:

A. the later of (i) 7 years after the Director ceases to be an Officer of any Group Company or (ii) if any relevant proceedings are outstanding on the date referred to in item (i), the date on which those proceedings are resolved or abandoned; or

B. 20 Business Days after the Company gives notice to the Director terminating the indemnity on the basis that it would be unreasonable to continue to provide the indemnity.

iv. Each deed also provides that:

A. each Director is obliged to provide the Company with information in connection with any relevant proceedings in which they are involved; and

B. the Company has the right to assume the conduct of the relevant proceedings subject to certain conditions (for example, the Company cannot assume conduct of the proceedings to the extent that the interests of the Company and the Director might conflict).

v. The Company must use all reasonable endeavours to obtain and maintain insurance cover for the benefit of each Director for so long as the Director is entitled to benefit from the deed (at present, the Company is seeking an insurance policy for this purpose).

vi. Each Director has the right to access the corporate records of the relevant Group Company, where those records may be relevant to proceedings commenced before the date that is 7 years after the Director retired as an Officer of any Group Company. This right is subject to certain conditions: for example, if the board of the Company considers that the Director is seeking access to the records for the purposes of bringing proceedings against the Company, this right of access does not apply.

ee. Underwriting agreement

i. Overview

The Company has entered into an Underwriting Agreement appointing the Underwriter to underwrite, arrange and manage $1,000,000 of the Entitlement Offer.

If the Underwriter subscribes for such number of New Shares equal to the full underwritten amount, this will equate to approximately 3.0% of the issued capital of the Company if the underwritten amount is raised and approximately 2.3% if the Offers (excluding the underwritten amount) are fully subscribed following completion of the Offers.

The Underwriter is a related entity of Macarthur. Its primary business activities are property investment and development, wholesale funds management and asset management.

ii. Commissions, fees and expenses

The Company has agreed to pay to the Underwriter, aggregate underwriting fee of $50,000.

The Company has agreed to reimburse the Underwriter for reasonable costs and expenses incurred in relation to the Entitlement Offer.

iii. Termination Events

If any of the following events occur at any time from the date of execution or the Underwriting Agreement until 5.00pm on the date for Settlement of each Offer (or such earlier time as specified below), the Underwriter may, by notice given to the Company terminate its obligations under the Underwriting Agreement:

A. (**unable to issue Shares under the Offers**) Macarthur is prevented from allotting and issuing the Shares under the Offers within the time required by applicable laws, an order of a court of competent jurisdiction or a government agency;

B. (**breach of significant contracts**) a significant or material contract referred to in this Prospectus is, without the prior consent of the Underwriter:

- breached by Macarthur or a related body corporate;
- terminated (whether by breach or otherwise);
- altered or amended in any way; or
- found to be void or voidable.

C. (**notifications**) any of the following notifications are made:

- ASIC issues an order (including an interim order, other than an interim order which does not become public) under section 739 of the Corporations Act;
- ASIC holds a hearing under section 739(2) of the Corporations Act (other than a hearing which does not become public);
- an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an Offer Document (other than an application which does not become public and is dismissed or withdrawn by ASIC within 5 Business Days or before the Settlement Date, whichever occurs sooner) or ASIC commences any investigation or hearing under Part 3 of the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or the Offer Document;
- any person (other than the Underwriter) who has previously consented to the inclusion of its name in any Offer Document withdraws that consent; or
- any person gives a notice under section 730 of the Corporations Act.

D. (**ASIC action**):

- an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or this Prospectus and such application becomes public or is not withdrawn within 1 Business Day after it is made or where it is made less than 1 Business Day before the Settlement Date, it has not been withdrawn by the Settlement Date; or
- ASIC commences any investigation or hearing under Part 3 of the *Australian Shares and Investments Commission Act 2001* (Cth) in relation to the Offer or this Prospectus and such investigation or hearing becomes public or is not withdrawn within 1 Business Day after it is commenced or where it is commenced within 1 Business Day before the Settlement Date, it has not been withdrawn before the Settlement Date;

E. (**regulatory action**) there is an application to a government agency (including, without limitation, the Takeovers Panel) for an order, declaration (including, in relation to the

Takeovers Panel, of unacceptable circumstances) or other remedy, or a government agency commences any investigation or hearing or announces its intention to do so, in each case in connection with the Offer (or any part of it) or any agreement entered into in respect of the Offer (or any part of it);

F. (**offences by Directors**) any of the following occurs:

- a Director of Macarthur is charged with an indictable offence;
- any government agency commences any public action against a Director of Macarthur or announces that it intends to take any such action; or
- any Director of Macarthur is disqualified from managing a corporation under the Corporations Act;

G. (**Takeovers Panel**) a Shareholder makes an application to the Takeovers Panel in connection with the Offer and the Takeovers Panel elects to hear the application, and the application is not withdrawn or rejected;

H. (**timetable**) any event specified in the timetable contained in the Underwriting Agreement is delayed for more than 2 business days without the Underwriter's consent;

I. (**withdrawal**) the Company withdraws this Prospectus or each Offer; or

J. (**insolvency events**) the Company or any Group member becomes insolvent; or

K. (**Corporations Act**) any of the following occurs:

- ASIC applies for an order under section 1324B of the Corporations Act in relation to this Prospectus and the application is not dismissed or withdrawn before the Closing Date;
- any person (other than the Underwriter) gives a notice under section 730 of the Corporations Act in relation to this Prospectus;
- ASIC gives notice of intention to hold a hearing in relation to this Prospectus under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
- any person (other than the Underwriter) who consented to being named in this Prospectus withdraws that consent.

iv. Termination subject to materiality

The Underwriter may terminate the Underwriting Agreement, by notice to the Company, at any time after the date of the Underwriting Agreement until 5.00pm on the date for Settlement of each Offer (or such earlier time as specified below) any of the following events occur and in the reasonable opinion of the Underwriter the event: (i) has, or is likely to have, a material adverse effect on the success, marketing or settlement of the Offer, the value of the Shares or the willingness of investors to subscribe for Shares; (ii) would give or would be likely to give rise to a material liability for the Underwriter under the Corporations Act or the applicable law; or (iii) would give or would be likely to give rise to a material contravention by the Underwriter, or the Underwriter being involved in a material contravention, of any applicable law:

A. (**public information**) public information published by Macarthur includes:

- a statement which is or becomes misleading or deceptive or likely to mislead or deceive; or
- any forecasts, expressions of opinion, intention or expectation which are not based on reasonable assumptions;

B. (**disclosures**) any information supplied by or on behalf of Macarthur to the Underwriter is or becomes misleading or deceptive in a material respect, including by way of omission;

C. (**form of supplementary Prospectus**) the Underwriter reasonably forms the view that a supplementary or a replacement document must be lodged with ASIC under section 719 of the Corporations Act and Macarthur does not lodge a supplementary or a replacement document in the form, with the content and within the time reasonably required by the

Underwriter;

D. (**adverse change**) there is an adverse change, or an event occurs which is likely to give rise to an adverse change, in the financial position, results, operations or prospects of Macarthur;

E. (**hostilities**) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of the United States, Australia, New Zealand, the United Kingdom, the United Kingdom, France, Germany, Russia, North Korea, South Korea, China, Japan or a member state of the European Union or the declaration by any of these countries of a national emergency or war or a major terrorist act is perpetrated anywhere in the world;

F. (**change of law**) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State of Australia, or any Federal or State authority of Australia adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Agreement), any of which does or is likely to prohibit or regulate the Offer, capital issues or stock markets or adversely affects Macarthur or investors in it;

G. (**change in management**) a change in senior management or the board of directors of the Company occurs;

H. (**compliance with agreements and regulatory requirements**) a contravention by the Company or any entity in the Group of the Corporations Act, the Company's constitution, or the Company commits a fraudulent act;

I. (**default**) a default by the Company in the performance of any of its obligations under the Underwriting Agreement occurs;

J. (**representations and warranties**) a representation or warranty contained in this agreement on the part of the Company is breached or becomes not true or correct;

K. (**constitution**) the Company varies any term of its constitution without the prior written consent of the Underwriter to the terms of the variation such consent not to be unreasonably withheld;

L. (**change to Company**) the Company:

- alters the issued capital of the Company; or
- disposes or attempts to dispose of a substantial part of the business or property of the Company,

without the prior written consent of the Underwriter (which must not be unreasonably withheld or delayed).

M. (**charges**) the Company or any of its related bodies corporate charges, or agrees to charge, the whole or a substantial part of the business or property of the Company other than:

- a charge over any fees or commissions to which the company is or will be entitled;
- as disclosed in this Prospectus; or
- as agreed with the Underwriter (acting reasonably);

N. (**disruption in financial markets**) any of the following occurs:

- a suspension or material limitation in trading in securities generally or any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, Hong Kong, the Republic of China, the United Kingdom, the United States of America, a member state of the European Union, or the international financial markets or any change in national or international political, financial or economic conditions;
- a general moratorium on commercial banking activities is declared by the relevant central banking authority in any of those countries; or
- any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Japan, Hong Kong, the Republic of China, the United

Kingdom, the United States of America, a member state of the European Union or the international financial markets or any change in national or international political, financial or economic conditions;

O. (**forecasts**) there:

- are not reasonable grounds, in the reasonable opinion of the Underwriter, for any statement by Macarthur in an Offer Document which relates to future matters (including financial forecasts); and/or
- ceases to be reasonable grounds, in the reasonable opinion of the Underwriter, for any statement by Macarthur in the Offer Document which relates to future matters (including financial forecasts) and Macarthur does not issue a supplementary Offer Document;

P. (**certificate**) a closing certificate provided under the Underwriting Agreement is false, misleading or deceptive (including by way of omission); or

Q. (**new circumstances**) there occurs a new circumstance that arises after this Prospectus is lodged with ASIC that would have been required to be included in this Prospectus if it had arisen before this Prospectus was lodged with ASIC.

v. Representations and warranties, undertakings and other terms

The Company gives certain standard representations, warranties and undertakings to the Underwriter (as well as standard conditions precedent of the Underwriting Agreement).

The representations and warranties given by the Company include, but are not limited to, matters such as power and authorisations, compliance with applicable laws, documents issued or published by or on behalf of the Company in respect of each Offer, the conduct of each Offer and the due diligence process, litigation, material contracts, insolvency and working capital.

The Company provides undertakings under the Underwriting Agreement which include, but are not limited to, notifications of breach of any warranty or undertaking given by them under the Underwriting Agreement, or the occurrence of a termination event, or the non-satisfaction of any condition.

Macarthur also provides an indemnity to the Underwriter, as well as its related bodies corporate, officers, employees and advisers (each an **Indemnified Party**) for (among other things):

A. any statements in this Prospectus being misleading or deceptive;

B. the making of the Offers or the issue of Shares;

C. any review, inquiry or investigation undertaken by ASIC, the Australian Taxation Office, or any other regulatory office or government agency in relation to the Offers or this Prospectus;

D. Macarthur breaching its obligations under the Underwriting Agreement or other obligations in relation to the Offers; or

E. any publication made or distributed by or on behalf of an Indemnified Party in relation to the Offers with the prior approval of Macarthur or its legal advisers (including any statement in this Prospectus being misleading or deceptive or any omission from this Prospectus).

vi. Sub-underwriter

CVC Limited will act as sub-underwriter and will underwrite the entire $1 million. CVC Limited's anticipated fees of $25,000 for the sub-underwriting will be paid by, or from the fees payable to, the Underwriter.

CVC Limited in not a related party to Macarthur.

ff. Elster Agreement

MNL Operations Pty Ltd ACN 645 990 943 (**MNL Operations**), a wholly owned Subsidiary of Macarthur, entered into a Consultancy Services Agreement with Elster Developments Pty Ltd

ACN 149 026 228 (**Elster**) on 28 October 2021.

i. Key terms
   The initial term of the agreement commenced on 8 November 2021 and ends on the earlier of 8 November 2023, or termination by Elster or MNL Operations.

   Both parties have early termination rights for material breaches by the relevant counterparty. However, MNL Operations has the right to terminate for convenience by paying Elster 3 calendar months of the service fee plus GST.

ii. Fees

   A. Elster will receive an annual service fee of $100,000 plus GST payable in equal monthly instalments for providing services relating to the Long Day Care businesses undertaken by Macarthur and its Subsidiaries as set out below:

      - regular childcare centre visits and discussions with staff;
      - maintenance of relationships with existing landlords;
      - identification and assessment of new opportunities for childcare businesses;
      - identification, assessment and negotiation of new leasing opportunities;
      - oversight of the day-to-day management of each childcare centre with the aim of increasing occupancy and delivering a high standard of care; and
      - other activities and services as reasonably required by the board, CEO or senior management of Macarthur to ensure the childcare business is operated efficiently and professionally.

   B. Elster will also be entitled to receive a fee of $100,000 plus GST (**Development Fee**) in equal monthly instalments for providing services relating to the identification and assessment of new freehold purchase and development assets for Macarthur. Such services include (among others):

      - identification and presentation to Macarthur CEO or board of the relevant development or purchase opportunity, and regular reporting of progress if approved;
      - managing the appointment and co-ordination of all consultants required for feasibility evaluation and/or construction;
      - managing and arranging the preparation of town planning approvals;
      - managing and advising on the appointment of a builder, including negotiating the building contract;
      - managing consultants and the building contractor or contractors for the project;
      - arranging insurances for the project;
      - obtaining the necessary approvals for the operation of a childcare centre on the relevant site; and

   - other activities and services as reasonably required by the board, CEO or senior management of Macarthur to ensure the childcare business can begin operation.

   The Development Fee is payable on a 'site by site' basis, which means if Elster is responsible for managing multiple development sites, it will be entitled to multiple Development Fees.

   C. Elster will also be entitled to reimbursement of reasonable costs and expenses incurred in carrying out its duties under the agreement.

D. MNL Operations indemnifies Elster for any liability incurred in performing its obligations under the agreement, except to the extent that liability is caused by the negligent act or omission, misconduct or fraud of Elster, or its personnel.

iii. Disclosure

Ian Leslie Townsing, sole director of Elster is the brother of Henry Townsing Sr who is the director of Macarthur. This is not deemed a related party transaction under section 228 of the Act but has been disclosed for the purposes of full and frank disclosure.

13.4 Ownership restrictions

The sale and purchase of Shares in the Company is regulated by Australian laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general description of these laws.

a. Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act (in particular, section 606) restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20% or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

A person's voting power in a company is calculated in accordance with section 610 of the Corporations Act by determining the voting shares in the company in which a person and their associates have a relevant interest.

Under section 608(1) of the Corporations Act, a person has a relevant interest in securities if they:

i. are the holder of the securities;

ii. have power to exercise, or control the exercise of, a right to vote attached to the securities; or

iii. have power to dispose of, or control the exercise of a power to dispose of, the securities.

Additionally, under section 608(3) of the Corporations Act, a person has a relevant interest in securities that any of the following has:

iv. a body corporate in which the person's voting power is above 20% (section 608(3)(a)); or

v. a body corporate that the person controls (section 608(3)(b)).

b. Section 611 (item 7) of the Corporations Act

Section 611 (item 7) of the Corporations Act provides an exception to the general prohibition under section 606 where the acquisition is approved by a resolution of Shareholders.

c. Shareholder Approval

At a general meeting of the Company on 9 March 2021, Macarthur obtained the requisite Shareholder approval as required under section 611 (item 7) of the Corporations Act to undertake the Acquisitions. The assets acquired, or to be acquired under the Acquisitions are comprised of:

i. the Maribyrnong Property;

ii. the Greenvale Property;

iii. the Malvern Property;

iv. a 30% interest in the Partnership;

v. 100% of the shares on issue in Mobe Growth;

vi. 100% of the shares on issue in Spring Kids;

vii. 100% of the shares on issue in the Managing Partner;

viii. 100% of the shares on issue in MB 1;

ix. the management rights under the Management Agreements; and

x. 100% of the shares on issue in Zest Living and Zest Living Development.

Details of these assets are set out in the overview of Macarthur's portfolio in Section 4.4.

d. Voting Power of the Acquisition Vendors

The vendors of the assets referred to above are collectively known as the **Acquisition Vendors**.

Part of the consideration to the Acquisition Vendors under the Acquisitions was paid in Shares in Macarthur. Shareholders should note that, for the purposes of this Prospectus, the Company has taken the conservative approach of assuming that all of the Acquisition Vendors are 'associates' for the purposes of section 606 of the Corporation Act.

Accordingly, the aggregate voting power of all of the Acquisition Vendors and their associates will be combined in order to determine their voting power as a result of the Offers.

Following Completion of the Acquisitions, the Acquisition Vendors' aggregate voting power increased from less than 1% to approximately 84.5%, and will be approximately 63.5% if the Offers are fully subscribed. If the Offers are not fully subscribed (other than the underwritten amount), the Acquisition Vendors' aggregate voting power will be approximately 82%.

Further details of the interests of the Acquisition Vendors and their associates in the Company are set out in detail in Schedule 3 of this Prospectus.

e. Control Implications

The specific control implications of the issue of Shares to the Acquisition Vendors for other Macarthur Shareholders can be summarised as follows:

i. Macarthur's Constitution provides that:

   A. at a general meeting of Shareholders, all resolutions submitted to the meeting will be decided by simple majority except where a greater majority is required by the Constitution or the Corporations Act;

   B. every resolution submitted to the meeting, in the first instance, will be determined by a show of hands unless a poll is demanded; and

   C. every Shareholder present in person or by proxy or attorney or representative will have one vote, or if a poll is demanded, one vote for every fully paid Share held.

ii. The matters that may be decided by simple majority resolution of Shareholders include (without limitation):

   A. the appointment or removal of Directors;

   B. the remuneration of Directors; and

   C. any consolidation, subdivision or cancellation of the Company's capital (subject to the Corporations Act).

iii. Matters that can be decided by **Special Resolution** (being a resolution that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution) include (without limitation):

   A. amending the Constitution;

   B. the approval of the terms of issue for preference shares; and

   C. the distribution of the assets of the Company in the event the Company is wound up.

iv. Applying the above provisions of Macarthur's Constitution to the control implications arising from the Acquisitions and the Offers, if:

   A. the voting power of the Acquisition Vendors and their associates is 63.5%, the Acquisition

Vendors will have the power to approve an ordinary resolution of Shareholders; and

B. if the voting power of the Acquisition Vendors and their associates is 82%, the Acquisition Vendors will have the power to approve an ordinary resolution or a Special Resolution.

v. We note the above implications assume that:

A. all Acquisition Vendors will vote in favour of the relevant resolution; and

B. all Acquisition Vendors will be present and/or entitled to vote on the particular resolution (depending on the resolution, there are various voting exclusions imposed by the Constitution and the Corporations Act which may apply to the Acquisition Vendors or their associates that could prevent them from voting).

13.5 Australian Tax Considerations

a. Overview

The comments in this Section provide a general outline of Australian tax issues for Australian tax resident Shareholders who acquire Shares under this Prospectus and that hold Shares in the Company on capital account for Australian income tax purposes.

This summary does not constitute financial product advice as defined in the Corporations Act. This summary is confined to Australian taxation issues and is only one of the matters which need to be considered by Shareholders before deciding about an investment in the Shares.

Investors should note that tax laws are subject to ongoing change, and this Section does not consider any changes in administrative practice or interpretation by the relevant tax authorities, or any changes in law by judicial decision or legislation following the Prospectus Date. To the extent that there are any changes in law after the Prospectus Date, including those having retrospective effect, Shareholders should consider the tax consequences, taking into account their own individual circumstances, and should consider taking advice from a professional advisor before making a decision about an investment to acquire Shares under this Prospectus.

The taxation implications of a subscription for Shares may be affected by the individual circumstances of each Shareholder, and it is recommended that Shareholders consult their own independent advisors regarding taxation consequences, including stamp duty, income tax and Australian goods and services tax consequences of the acquisition, ownership and disposal of Shares. This summary is general in nature and does not cover all income tax consequences that could apply in all circumstances of any Shareholder.

The categories of Shareholders considered in this Section are limited to individuals, companies (other than life insurance companies), trusts, partnerships and complying superannuation funds that hold their Shares on capital account, and it does not consider Shareholders that hold Shares on revenue account, carry on a business of trading in Shares, are exempt from Australian tax, foreign residents, insurance companies, banks or Shareholders who are subject to the Taxation of Financial Arrangements rules contained in Division 230 of the Income Tax Assessment Act 1997 (Cth). This Section also assumes that each Shareholder (together with its associates) holds at all relevant times less than 10% of the Shares in the Company.

b. Taxation treatment of the acquisition of Shares

The Offers include the acquisition of Shares which will constitute an equity interest for Australian tax purposes. There are no immediate income tax consequences to the acquirer on the acquisition of equity interests.

c. Dividends on Shares

i. Australian tax resident individuals and complying superannuation entities

Where dividends on a Share are paid by the Company, those dividends should constitute assessable income of an Australian tax resident Shareholder.

Individuals or complying superannuation entities who are Australian tax resident Shareholders should include the dividend (together with any franking credits attached to that dividend) in their assessable income in the year the dividend is paid. Investors should note that the tax rate payable by each individual Australian resident Shareholder will depend on the circumstances of the Shareholder and their prevailing marginal rate of income tax.

Shareholders who are individuals or complying superannuation entities should be entitled to a 'tax offset' equal to the franking credits attached to the dividend, subject to being a 'qualified person', and the tax offset may be applied to reduce the tax payable on the Shareholder's taxable income. If a dividend paid by the Company is unfranked, the Shareholder will generally be taxed at the Shareholder's marginal rate on the dividend received, with no tax offset.

ii. Australian tax resident corporate Shareholders

Corporate Shareholders are required to include the dividend and associated franking credits in their assessable income, and a tax offset will then be allowed up to the amount of the franking credits. To the extent of the franking credits attached to the dividend, the Australian resident corporate Shareholder should be entitled to a credit in its franking account and can pass on the benefit of the frankkng credits to their own shareholders on the payment of franked dividends. While excess franking credits cannot give rise to a refund, they may (in certain circumstances) be converted into carry forward tax losses.

iii. Australian tax resident trusts and partnerships

Australian tax resident Shareholders who are partnerships or trustees (other than trustees of 'complying superannuation entities') should include dividends and franking credits in determining the net income of the partnership or trust. A beneficiary of a trust, a trustee or a partner may be entitled to a tax offset equal to their share of the net income of the trust or partnership (as relevant).

iv. Holding period and related payment rules

To be eligible for tax offsets and franking credits, a Shareholder must satisfy the 'holding period' and 'related payment' rules, requiring that the Shareholder hold the Shares 'at risk' for a continuous period of more than 45 days, excluding the dates of acquisition and disposal). Where these rules are not satisfied, the Shareholder will not include an amount for the franking credits in their assessable income and should not be entitled to a tax offset.

The Shares are not held 'at risk' if the Shareholder has a materially diminished risk of loss or opportunity for gain in relation to the Shares. For example, if the Shareholder has entered into an agreement to dispose of the Shares, or granted options over Shares, the Shareholder will not hold the Shares 'at risk'.

A Shareholder will not be obliged to make a 'related payment' in respect of a dividend, unless they hold the Shares 'at risk' for the required holding period around the dividend dates.

This holding period rule is subject to exceptions, including where the total franking offsets of an individual in a year of income are under $5,000, and special rules apply to trusts and beneficiaries. The Board recommends that Shareholders should obtain their own professional tax advice to determine if these requirements have been satisfied.

v. Australian capital gains tax implications on a disposal of Shares

The disposal of a Share by an Australian resident Shareholder will constitute a Capital Gains Tax (**CGT**) event. A capital gain will arise where the cost base of the Share (being the amount paid to acquire the Share, plus any costs in relation to the acquisition or disposal) is exceeded by the capital proceeds on disposal (in the case of an on-market sale, the cash proceeds received on disposal).

However, a CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares have been held for at least 12 months prior to the CGT event. . No CGT discount is available to corporate Shareholders.

If the CGT discount applies, a capital gain arising to individuals and entities acting as Trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses, and for a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses.

If the Shareholder is a trustee (other than a trust that is a complying superannuation entity) that has held the Shares for at least 12 months before disposal, the CGT discount may flow through to the beneficiaries of the trust if those beneficiaries are not companies. The Board recommends that Shareholders that are trustees should seek specific advice regarding the tax consequences of distributions to beneficiaries who may qualify for discounted capital gains.

A capital loss should be realised where the reduced cost base of the Share exceeds the capital proceeds from disposal, and capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain recoupment tests being satisfied. However, capital losses cannot be offset against other forms of assessable income.

vi. Quotation of Tax File Number

It is not compulsory for Australian resident Shareholders to provide the Company with details of their Tax File Number (TFN) or Australian Business Number (ABN). However, a failure to quote a TFN or ABN (or proof of exemption) to a public company will result in the Company being required to withhold and remit tax at the top marginal rate (currently 45% plus 2% Medicare levy) from unfranked dividends paid to the relevant Australian resident Shareholder. The amount withheld in these circumstances should be available as a credit against the investor's tax liability.

vii. Australian goods and services tax

No GST should be payable by Shareholders on acquisition or disposal of Shares in the Company, and no GST should be payable by Shareholders on receiving dividends distributed by the Company.

However, Shareholders may not be entitled to claim full input tax credits in relation to any GST included in any costs incurred in connection with the acquisition of the Shares, and Shareholders should obtain their own independent tax advice in this regard.

viii. Stamp duty

Shareholders should not be liable for stamp duty in relation to the acquisition of Shares, unless they acquire (either individually or with an associate or related party) an interest of 90% or more in the Company.

13.6 Legal proceedings

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company.

13.7 Rights attaching to Shares

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out at Section 10.17. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

13.8 Expenses of Offers

The costs of the Offers (in aggregate) are expected to be approximately $280,000 to $800,000 (excluding GST). These costs will be borne by the Company from the proceeds of each Offer.

13.9 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the laws applicable in Victoria, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of Victoria, Australia.

13.10 Working capital statement

The Directors are satisfied that on Completion, the Company will have sufficient working capital to carry out its stated objectives.

13.11 Statement of Directors

In accordance with section 720 of the Corporations Act, the issue of this Prospectus is authorised by each Director. Each Director has consented to the lodgement of this Prospectus with ASIC and the issue of the Prospectus and no Director has withdrawn that consent.

Signed on behalf of the Company.

Henry Townsing Sr
Director

13. GLOSSARY

Term	Meaning
20Q Land	Means 20Q Land Co Pty Ltd ACN 168 372 405
31 Edgewater	Means 31 Edgewater Pty Ltd ACN 142 338 323
$, $or AUD	Means Australian dollars
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ACECQA	Means the Australian Children's Education and Care Quality Authority
ABD	Means All Bright Development Limited
Acquisitions	Means each of the acquisitions described in Schedule 1, being the: a. Greenvale Acquisition; b. Malvern Acquisition; c. Maribyrnong Acquisition; d. Partnership Acquisition; e. Managing Partner Acquisition; f. Mobe Growth Acquisition; g. Montessori Beginnings Acquisition; h. Spring Kids Acquisition; i. Zest Living Acquisition; j. Head Office Acquisition; and k. Management Rights Acquisition;
Acquisition Vendors	Means the vendors under each Acquisition as set out in Schedule 1
Advant	Means Advant Pty Ltd ACN 002 740 678
AEDT	Means Australian Eastern Daylight Time
AGM	Means Annual General Meeting of the Company
Applicant	Means a person who submits an Application Form under a relevant Offer
Application	Means an application made to subscribe for Shares under a relevant Offer
Application Form	Means the relevant form attached to or accompanying this Prospectus pursuant to which Applicants apply for Shares under a relevant Offer
Application Monies	Means the amount accompanying an Application Form submitted by an Applicant, calculated as the Offer Price multiplied by the number of Shares applied for under the Offers
ASIC	Means the Australian Securities and Investments Commission

Term	Meaning
ASX	Means the Australian Securities Exchange, as operated by ASX Limited ABN 98 008 624 691
ASX Listing Rules	Means the official listing rules of ASX
Athem	Means Athem Pty Ltd ACN 614 207 073 as trustee for the Aushe Family Trust
ATO	Means the Australian Taxation Office
AWCC	Means AWCC Pty Ltd ACN 601 600 926
AWG No. 17	Means AWG No.17 Pty Ltd ACN 601 726 630
Bank	Means a major Australian bank
Bank Loan / Bank Loan (Yarrawonga)	Means the loan facility agreement with the Bank to fund the Yarrawonga Project
Barkly Greenvale	Means Barkly II Custodian Projects Pty Ltd ACN 606 703 619 as trustee for the Barkly II Greenvale Unit Trust
Barkly Malvern	Means Barkly II Custodian Projects Pty Ltd ACN 606 703 619 as trustee for the Barkly II Malvern CC Unit Trust
Base Rate	Means either: • the 1 month Mid rate, expressed as a yield percent per annum (rounded to four decimal places), displayed on the first business day of the Interest Period under the '24 hour delayed BBSW rates' on the BBSW Benchmark Rates page of the ASX at https://www2.asx.com.au/connectivity-and-data/information-services/benchmarks/benchmark-data/bbsw; • or, if such rate is not available or if, in Eildon's reasonable opinion, the rate becomes inappropriate or subject to manifest error, BBSW will be the rate reasonably determined by the Financier acting in good faith having regard to comparable indices then available. If, in any of those cases, that rate is less than 0.1000%, the Base Rate shall be deemed to be 0.1000%.
Bay City Early Learning	Means Bay City Early Learning Geelong Pty Ltd ACN 652 811 615
BBSW	Means the Bank Bill Swap rate
Board, Board of Directors or Management	Means the Board of Directors of the Company
Builder	Means the builder for the construction of a childcare centre on the Swan Hill Property
Business Day	Means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Australia
Business Loan Margin	Means 0.65%
CBD Investments	Means CBD Investments Pty Ltd ACN 651 065 940
CCS	Means the government administered Child Care Subsidy referred to in Sections 5.1 and 5.5 of this Prospectus
CGT	Means Capital Gains Tax
Chair	Means, in relation to the Company, Henry Townsing Sr or otherwise as the context requires

Term	Meaning
Charter Keck Cramer	Means Charter Keck Cramer Pty Ltd ACN 618 794 853
Charter Keck Cramer Valuation Letter	Means the letter from Charter Keck Cramer to Macarthur dated 28 June 2022 which summarises the valuations of properties forming part of the Group's portfolio
Clifstone	Means Clifstone Pty Ltd ACN 636 976 451 as trustee for the MNL Property Trust
Closing Date	Means the date specified as such in the 'Offer Close' date in the 'Important dates' Section
Completion	Means completion under the Offers
Company or Macarthur or MNL	Means Macarthur National Ltd ACN 633 180 346
Constitution	Means the Constitution of the Company as amended from time to time
Consumer Affairs	Means Consumer Affairs Victoria
Corporations Act	Means the *Corporations Act 2001* (Cth)
COVID-19	Means the novel coronavirus known as COVID-19
CVC Limited	Means CVC Limited ACN 002 700 361
CVC Venture Managers	Means CVC Venture Managers Pty Ltd ACN 606 868 017
Development Loan	Means the loan advanced to Zest Living by the Bank to fund construction costs for the Yarrawonga Property
Director/s	Means the Directors of the Company from time to time
DJCS	Means the Victorian Department of Justice and Community Safety
DOCA	Means a deed of company arrangement under section 439A of the Corporations Act (Cth)
EFM	Means Eildon Funds Management Limited ACN 066 092 028
Eildon	Means Eildon Funds Management Limited as trustee for the Eildon Debt Fund
Eildon Capital Group	Means the group of entities comprising of: a. EFM; b. Eildon; and c. Eildon Nominee Services
Eildon Nominee Services	Means EFM Nominee Services Pty Limited ACN 638 082 130
Elster	Means Elster Developments Pty Ltd ACN 149 026 228
Elster Agreement	Means the agreement entered into by CVC Venture Managers and Elster for the provision of consultancy services
Eligible Participants	Has the meaning given in Section 9.8(b)(i)

Term	Meaning
Eligible Shareholder	Means (in the relevant context as set out below): a. with regards to the Entitlement Offer, a person registered as the holder of Shares on the Record Date whose registered address is in Australia; or b. with regards to the Top Up Offer, a Top Up Shareholder
Entitlement	Means the right to subscribe for New Shares under the Entitlement Offer
Entitlement Offer	Means the offer under this Prospectus of New Shares to be issued by the Company under Section 10.3
Expiry Date	Means the date that is 13 months after the Prospectus Date
Exposure Period	Means the period specified in section 727(3) of the Corporations Act, being a minimum of seven days from the date of this Prospectus, during which an Application must not be accepted. ASIC may extend this period to no more than 14 days after the date of this Prospectus
Financial Information	Has the meaning given in Section 7
Fyansford Development	Means the development, subject to permit, of a residential land lease community on the Fyansford Property to be occupied under resident agreements, a community centre and common area
Fyansford Property	Means the land located at 110 - 120 De Goldis Road, Fyansford VIC 3128
Fyansford Property Valuation Letter	Means the valuation letter from M3 Property to Macarthur dated 22 June 2022 summarising the independent valuation M3 Property undertook of the Fyansford Property
Geelong Lease	Means the lease between Bay City Early Learning and CBD Investments
GMO	Means GMO New Pty Ltd ACN 615 409 339
Greenvale Acquisition	Means the acquisition of the Greenvale Property by Clifstone from Barkly Greenvale
Greenvale Property	Means the property known as 985C Mickleham Road, Greenvale
Group	Means the Company, its Subsidiaries and the Partnership (before or after the Acquisitions and Offers, as applicable)
Group Company	Means the Company and each of its Subsidiaries
GST	Means the goods and services or similar tax imposed in Australia
Head Office Acquisition	Means the acquisition of the Head Office Property by Clifstone.
Head Office Property	Means the property known as 68 Dorcas Street, Southbank VIC 3006
Henry Townsing Jr	Means Henry George Townsing, the son of Henry Townsing Sr
Henry Townsing Sr	Means Henry George Townsing, the Director/Chair of Macarthur
Hento	Means Hento Investments Pty Ltd ACN 120 079 718 as trustee for the Hento Investments Trust

Term	Meaning
HY2020	Means the financial period from incorporation on 30 April 2019 to 31 December 2019
IASB	Means the International Accounting Standards Board
IFRS	Means the International Financial Reporting Standards
Ineligible Shareholder	Means a Shareholder that is not an Eligible Shareholder
Investigating Accountant	Means RSM Corporate Australia Pty Ltd ACN 050 508 024
Irymple Property	Means the property knowns as Lot 1, Fifteenth Street, Irymple, Victoria, 3498
Land Lease Community or Land Lease Communities	Has the meaning given in Section 6.1
Land Loan	Means the loan advanced to Zest Living to purchase the Yarrawonga Property.
Land Real or Underwriter	Means Land Real Pty Ltd ACN 006 535 299
Lilydale Property	Means the property located at 2-4 Victoria Road, Lilydale VIC 3140
Loan Share	Has the meaning given to that term in Section 9.6(b)(iv)(B)
Long Day Care	Has the meaning given in Section 5.3 of this Prospectus
LTIP	Means the Long Term Incentive Plan incentive plan adopted by Macarthur at its most recent AGM, as described in Section 9.8(b)
M3 Property	Means m3property Australia Pty Ltd ABN 60 153 395 405
Malvern Acquisition	Means the acquisition of the Malvern Property by Clifstone from Barkly Greenvale
Malvern Property	Means the property known as Childcare Centre, Lot 1, 14-18 Spring Road, Malvern VIC 3144
Management Agreements	Means each of: a. the agreement between CVC Venture Managers and Mobe Growth under which CVC Venture Managers was engaged to provide company secretarial, accounting, tax, regulatory compliance, licensing and operational management services to Mobe Growth and its Subsidiaries; and b. the agreement between the Managing Partner and CVC Venture Managers under which CVC Venture Managers was engaged to invest and manage the assets of the Partnership
Management Rights Acquisition	Means the novation of the management rights under the Management Agreements from CVC Venture Managers to MNL Operations
Managing Partner	Means CVCV Childcare No. 1 Pty Limited ACN 601 708 212
Managing Partner Acquisition	Means the acquisition by MNL Operations of all of the shares on issue in the Managing Partner
Maribyrnong Acquisition	Means the acquisition of the Maribyrnong Property from 31 Edgewater by Clifstone
Maribyrnong Property	Means the property known as Childcare Centre Tenancy, Part Ground Floor, 31 Edgewater Boulevard, Maribyrnong VIC 3032

Term	Meaning
MB 1	Means Montessori Beginnings Pty Ltd ACN 625 011 083
MB Brunswick	Means Montessori Beginnings Brunswick Pty Ltd ACN 627 015 347
MB Greenvale	Means Montessori Beginnings Greenvale Pty Ltd ACN 637 016 874
MB Hoppers Crossing	Means Montessori Beginnings Hoppers Crossing Pty Ltd ACN 610 745 527
MB Laverton	Means Montessori Beginnings Laverton Pty Ltd ACN 619 658 516
MB Malvern	Means Spring Kids trading as Montessori Beginnings Malvern
MB Maribyrnong	Means Montessori Beginnings Maribyrnong Pty Ltd ACN 634 437 693
MB Mildura	Montessori Beginnings Mildura Pty Ltd ACN 615 838 269
MB Officer	Means Montessori Beginnings Officer Pty Ltd ACN 619 339 623
MB Thomastown	Means Montessori Beginnings Thomastown Pty Ltd ACN 611 862 563
Member Approval Process	Has the meaning given in Sections 217-227 of the Corporations Act
Milestone	Means each of the milestones listed in 9.6(b)(ii)(A) which, if achieved, will entitle Henry Townsing Jr to Performance Options
Mitre Focus	Means Mitre Focus SDN BHD (Company No. 735963-A), a company incorporated in Malaysia
MNL Operations or MNLO	Means MNL Operations Pty Ltd ACN 645 990 932, a wholly owned Subsidiary of the Company
MNLPT	Means MNL Property Trust
Mobe Developments	Means Mobe Developments Pty Ltd ACN 651 295 199
Mobe Growth	Means Mobe Growth Pty Ltd ACN 625 010 648, a wholly owned Subsidiary of the Company
Mobe Growth Acquisition	Means the acquisition by MNL Operations of all of the shares on issue in Mobe Growth
Montessori or Montessori Method	Means the teaching method developed by Maria Montessori
Montessori Beginnings	Means the brand name used by Macarthur as part of its Long Day Care Centre business
Montessori Beginnings Acquisition	Means the acquisition by MNL Operations of all of the shares on issue in MB 1
NA Deficit	Means in in respect of the Zest Living Acquisition, the occurrence whereby at completion of the Acquisition, Net Debt was less than $2,925,000 and the parties agreed that the difference would be payable by MNL Operations to the vendors

Term	Meaning
Net Debt	Means in respect of the Zest Living Acquisition, the net debt of the relevant asset or assets the subject of that Acquisition as at the date for completion of the Acquisition
Net Debt Adjustment	Means in respect of the Zest Living Acquisition, an agreed adjustment to the purchase price based on the net debt of the relevant asset or assets the subject of that Acquisition as at the date for completion of the Acquisition
New Share/s	Means Shares issued under each Offer
NQF	Means the National Quality Framework
Offer/s	Means each of the Placement Offer, Entitlement Offer, and Top Up Offer, being the offers of New Shares made under this Prospectus
Offer Document	Means the following documents issued or published by, or on behalf of the Company in respect of or relating to the Offer, and in a form approved by the Underwriter: a. this Prospectus and any document which supplements or replaces this Prospectus (including any addendum to this Prospectus); b. any cover email, including an appropriate cautionary legend, sent to eligible sophisticated or institutional investors in connection with the Placement Offer and bookbuild for the Offers; and c. any investor presentation or marketing presentation used in connection with the Offers (including any addendum to those presentations and any draft of such documents used for roadshow purposes prior to the date of lodgement of this Prospectus).
Offer Price	Means $0.20 per New Share
Officer	Has the meaning given in section 9 of the Corporations Act
Officer Facility	Has the meaning given in Section 13.3(i)(A)
Officer Property	Means the property located at the corner of Pink Hill Boulevard and Timbertop Boulevard and Upton Drive, Officer VIC 3809
Official List	Means the official list of entities that ASX has admitted and not removed
Opening Date	Means the date specified as the 'offer open' date in the 'Important dates' Section
Option/s	Means an option to acquire a Share
Original Prospectus	Means the Prospectus dated 8 July 2022 which was lodged with ASIC on that date
Partner	Means a partner of the Partnership
Partnership	Means the CVCV Childcare No. 1 Partnership
Partnership Acquisition	Means the acquisitions by Clifstone in its capacity as trustee of MNLPT, of a 30% interest in the Partnership
Partnership Loan	Has the meaning given in Section 13.3(i)

Term	Meaning
Partnership Vendors	Means each of AWCC Pty Ltd ACN 601 600 926, Stanton Lea Pty Ltd ACN 611 043 200 as trustee for the Pilmora Superannuation Fund and Melbourne Insurance Co Pty Ltd ACN 003 395 784
PE2019	Means the financial period from incorporation on 30 April 2019 to 30 June 2019
Performance Options	Means a performance right issued to Henry Townsing Jr under clause 3.3 of the LTIP to acquire 1 fully paid ordinary Share in the capital of the Company
Performance Options Loan	Has the meaning given to that term in Section 9.6(b)(iv)
Pilmora	Pilmora Pty Ltd ACN 002 436 400 as trustee for the Townsing Family Trust
Placement Offer	Means the offer under this Prospectus of New Shares to be issued by the Company under section 10.2
Pro Forma Historical Cash Flows	Means the Group's pro forma historical cash flow statements as set out in section 7.4
Pro Forma Historical Financial Information	Means the Pro Forma Historical Cash Flows, Pro Forma Historical Income Statement and Pro Forma Historical Statement of Financial Position
Pro Forma Historical Income Statement	Means the Group's pro forma historical income statement as set out in section 7.3
Pro Forma Historical Statement of Financial Position	Means the Group's pro forma historical statement of financial position as at 30 June 2021, as set out in section 7.5
Property Acquisitions	Means the Head Office Acquisition, the Greenvale Acquisition, the Malvern Acquisitions, the Maribyrnong Acquisition, and the Partnership Acquisition
Prospectus	Means this Prospectus (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	Means the date this Prospectus was lodged with the ASIC
Record Date	Means the date specified as such in the 'Important dates' Section
Reduced Amount	Has the meaning given in section 10.3(c)
related entity	Has the meaning given in section 9 of the Corporations Act
related party	Has the meaning given in section 9 of the Corporations Act
Relevant Interest	Has the meaning given in section 9 of the Corporations Act
RSM Corporate	Means RSM Corporate Australia Pty Ltd ACN 050 508 024
RSM Audit	Means RSM Australia Partners ABN 36 965 185 036
RTA	Means the *Residential Tenancies Act 1997* (Vic)
RVA	Means the Retirement Villages Act 1986 (Vic)
SFO	Means the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong
Share/s	Means a fully paid ordinary share in the Company

Term	Meaning
Shareholder	Means the registered holder of a Share
Share Registry or Registry Direct	Means Registry Direct Limited ACN 160 181 840
Shortfall Shares	Means the aggregate number of unsubscribed New Shares on the Closing Date
Social Infrastructure	Means community infrastructure developed in response changing trends within Australian communities witnessed by workplace choices, retirement living alternatives and a greater focus by parents keen to pursue early childhood education and care for pre-school children
Spring Kids	Means Spring Kids Pty Ltd ACN 613 269 846
Spring Kids Acquisition	Means the acquisition of all of the shares on issue in Spring Kids by MNL Operations
SRN	Means the Shareholder's Reference Number
Stanton Lea	Means Stanton Lea Pty Ltd ACN 611 043 200 as trustee for the Pilmora Superannuation Fund
Statutory Historical Cash Flows	Means the Group's statutory historical cash flow statements as set out in section 7.4
Statutory Historical Financial Information	Means all of the Statutory Historical Cash Flows, Statutory Historical Income Statements and Statutory Historical Statement of Financial Position as set out in Section 7
Statutory Historical Income Statements	Means the Group's statutory historical income statements as set out in section 7.3
Statutory Historical Statement of Financial Position	Means the Group's statutory historical statement of financial position as at 30 June 2021, as set out in section 7.5
Stockriver	Means Stockriver Pty Ltd as trustee for the Stockriver Trust
Subsidiary	Has the meaning given in section 9 of the Corporations Act
Swan Hill Property	Means the property located at and known as 100 Beveridge Street, Swan Hill VIC 3585
Takeover Bid	Has the meaning given in section 9 of the Corporations Act
TBT Accounting	Means TBT Accounting Pty Ltd 073 621 315
TFN	Means Tax File Number
Top Up Offer	Means the offer under this Prospectus of New Shares to be issued by the Company under section 10.4
Top Up Shareholder	Means a Shareholder whose registered address is in Australia who holds a parcel of less than 25,000 Shares at the Record Date
Truganina Facility	Has the meaning given in section 13.3(i)(B)
Truganina Property	Means the property located at and known as 6 Samsara Avenue, Truganina VIC 3029
Underwriter or Land Real	Means Land Real Pty Ltd (ACN 006 535 299)

Term	Meaning
Underwriting Agreement	Means the underwriting agreement entered into between Macarthur and the Underwriter on or around 5 July 2022
U.S.	Means the United States of America
U.S. Securities Act	Means the United States Securities Act of 1933
Variable Base Rate	Means the 90 day Australian Bill Swap Reference Rate administered by ASX Benchmarks Pty Limited ACN 616 075 417 for the relevant period
Vita Life Sciences	Means Vita Life Sciences Limited ACN 003 190 421
Warranty Deed	Means the Partner warranty deed entered into by the Managing Partner with the Bank under the Partnership Loan.
Yarrawonga Project	Means the development of a residential lease community on the Yarrawonga Property with 155 homes to be occupied under resident agreements, a community centre, a golf course and common area
Yarrawonga Property	Means the property located at and known as S35 Murray Valley Highway, Yarrawonga VIC 3730
Yarrawonga Property Valuation Letter	Means the letter from M3 Property to Macarthur dated 22 June 2022 summarising the independent valuation M3 Property undertook relating to the Yarrawonga Property
Zest Clubhouse	Means the proposed community centre complex located on the Yarrawonga Property
Zest Living	Means Zest Living Australia Pty Ltd ACN 601 728 232
Zest Living Acquisition	Means the acquisitions of all of the shares in Zest Living and Zest Living Developments
Zest Living Developments	Means Zest Living Australia Developments Pty Ltd ACN 601 728 849

Schedule 1 - Summary of Acquisitions

Acquisition	Asset	Purchaser	Vendor/s	Consideration paid/to be paid	Timing of Acquisition
Greenvale Acquisition	The property known as 985C Mickleham Road, Greenvale VIC 3059 (**Greenvale Property**)	Clifstone Pty Ltd ACN 636 976 451 as trustee for the MNL Property Trust (**Clifstone**)[1]	Barkly II Custodian Projects Pty Ltd ACN 606 703 619 as trustee for the Barkly II Greenvale Unit Trust (**Barkly Greenvale**)	12,174,938 Shares, plus $2,313,340 paid in cash to refinance mortgage debt.	Completed
Maribyrnong Acquisition	The property known as Childcare Centre Tenancy, Part Ground Floor, 31 Edgewater Boulevard, Maribyrnong VIC 3032 (**Maribyrnong Property**)	Clifstone[1]	31 Edgewater Pty Ltd ACN 142 338 323 (**31 Edgewater**)	23,750,000 Shares	Completed
Malvern Acquisition	Childcare Centre, Lot 1, 14-18 Spring Road, Malvern VIC 3144 (**Malvern Property**)	Clifstone[1]	Barkly II Custodian Projects Pty Ltd ACN 606 703 619 as trustee for the Barkly II Malvern CC Unit Trust (**Barkly Malvern**)	8,954,825 Shares, plus $4,310,000 paid in cash to refinance mortgage debt.	Completed
Head Office Acquisition	68 Dorcas Street, Southbank VIC 3006 (**Head Office Property**)	Clifstone[1]	20Q Land Co Pty Ltd ACN 168 372 405 (**20Q Land**)	4,705,350 Shares	Completed
Partnership Acquisition	A 30% interest in the CVCV Childcare No. 1 Partnership (**Partnership**). The Partnership is the beneficial owner of the following properties: • the property located at the corner of Pink Hill Boulevard and Timbertop Boulevard and Upton Drive, Officer VIC 3809 (**Officer Property**); and • the property located at and known as 6 Samsara Avenue, Truganina VIC 3029 (**Truganina Property**)	Clifstone[1]	• Melbourne Insurance Co Pty Ltd ACN 003 395 784 (**MIC**), as to a 9.65% interest in the Partnership	3,057,390 Shares with any further adjustments owing under the Partnership Acquisition to be paid in cash.	Completed
			• Stanton Lea Pty Ltd ACN 611 043 200 as trustee for the Pilmora Superannuation Fund (**Stanton Lea**), as to a 9.65% interest in the Partnership	3,057,390 Shares with any further adjustments owing under the Partnership Acquisition to be paid in cash.	Completed
			• AWCC Pty Ltd ACN 601 600 926 (**AWCC**), as to a 10.7% interest in the Partnership	3,405,220 Shares	Completed
Mobe Growth Acquisition (continued on next page)	100% of the shares on issue in Mobe Growth Mobe Growth Pty Ltd ACN 625 010 648 (**Mobe Growth**). Mobe Growth is the 100% owner of the following Subsidiaries: • Montessori Beginnings Greenvale Pty Ltd ACN 637 016 874 (**MB Greenvale**); • Montessori Beginnings Hoppers Crossing Pty Ltd ACN 610 745 527 (**MB Hoppers Crossing**); • Montessori Beginnings Laverton Pty Ltd ACN 619 658 516 (**MB Laverton**); • Montessori Beginnings Maribyrnong Pty Ltd ACN 634 437 693 (**MB Maribyrnong**); • Montessori Beginnings Mildura Pty Ltd ACN 615 838 269 (**MB Mildura**); • Montessori Beginnings Officer Pty Ltd ACN 619 339 623 (**MB Officer**);	MNL Operations Pty Ltd ACN 645 990 932 (**MNL Operations**)	• CVC Venture Managers Pty Ltd ACN 606 868 017 (**CVC Venture Managers**)	23,296,283 Shares	Completed
			• Frascatti Pty Ltd ACN 073 423 999 atf Frascatti Trust	3,249,279 Shares	Completed
			• Mega Hugo Ltd	2,468,092 Shares	Completed
			• The Trustee for the Anglo Australian Christian Charitable Trust	388,229 Shares	Completed
			• Normandy Advisers Sdn Bhd aft Chuah Teong Eng	312,085 Shares	Completed
			• Normandy Advisers Sdn Bhd aft Bake with Yen (KL) Sdn Bhd	998,670 Shares	Completed
			• Normandy Advisers Sdn Bhd atf Daud Yunus	2,117,966 Shares	Completed
			• Normandy Advisers Sdn Bhd atf Normandy Finance & Investment Asia Ltd	1,539,318 Shares	Completed
			• Normandy Advisers Sdn Bhd atf Mohd Ali Mohd Tahir	1,354,103 Shares	Completed

Acquisition	Asset	Purchaser	Vendor/s	Consideration paid/to be paid	Timing of Acquisition
Mobe Growth Acquisition	• Montessori Beginnings Thomastown Pty Ltd ACN 611 862 563 (**MB Thomastown**); and • Montessori Beginnings Croydon North Pty Ltd ACN 637 715 872 (**MB Croydon North**)				
Managing Partner Acquisition	100% of the shares on issue in CVCV Childcare No. 1 Pty Limited ACN 601 708 212 (**Managing Partner**). The Managing Partner is the 'Managing Partner' appointed to manage the Partnership.	MNL Operations	AWCC	25,000 Shares	Completed.
Montessori Beginnings Acquisition	100% of the shares on issue in Montessori Beginnings Pty Ltd ACN 625 011 083 (**MB 1**). MB 1 owns 100% of the share capital in: • Montessori Beginnings Brunswick Pty Ltd ACN 627 015 347 (**MB Brunswick**); and • Spring Kids Pty Ltd ACN 613 269 846 (**Spring Kids**)	MNL Operations	CVC Venture Managers	25,000 Shares	Completed.
Spring Kids Acquisition	100% of the shares on issue in Spring Kids	MB 1	Athem Pty Ltd ACN 614 207 073 as trustee for the Aushe Family Trust (**Athem**)	8,507,490 Shares	Completed.
Management Rights Acquisition	The rights of CVC Venture Managers under the following agreements (together, the **Management Agreements**): • the agreement between CVC Venture Managers and Mobe Growth under which CVC Venture Managers was engaged to provide company secretarial, accounting, tax, regulatory compliance, licensing and operational management services to Mobe Growth and its Subsidiaries; and • the agreement between the Managing Partner and CVC Venture Managers under which CVC Venture Managers was engaged to invest and manage the assets of the Partnership.	MNL Operations	CVC Venture Managers	2,500,000 Shares	Completed.
Zest Living Acquisition	Zest Living Australia Pty Ltd ACN 601 728 232 (**Zest Living**) Zest Living Australia Developments Pty Ltd ACN 601 728 849 (**Zest Living Developments**)	Macarthur	AWG No.17 Pty Ltd ACN 601 726 630 (**AWG No. 17**) Hento Investments Pty Ltd ACN 120 079 718 as trustee for the Hento Investments Trust (**Hento**) GMO New Pty Ltd ACN 615 409 339 (**GMO**) (each holding 1/3rd of the shares in Zest Living and Zest Living Development).	11,820,718 Shares each (35,462,154 total).	Completed.

Note.

1. *Clifstone retired as trustee of the MNLPT on 11 May 2022. EFM Nominee Services was appointed as trustee of the MNLPT on and from 11 May 2022. The Group is in the process of transferring the Greenvale Property, Maribyrnong Property, Malvern Property and Head Office from Clifstone to EFM Nominee Services.*
2. *The Group is in the process of varying the Partnership Deed to reflect that EFM Nominee Services is the holder of the 30% interest in the CVCV Childcare No. 1 Partnership, as trustee of the MNLPT following the retirement of Clistone and appointment of EFM Nominee Services on 11 May 2022.*

Schedule 2 - Related Party Ownership Interest Information

#	Individual/entity	Details of relevant interest giving rise to related party status	Financial benefit and valuation
1.	20Q Land Co Pty Ltd (**20Q Land**)	Henry Townsing Sr is a director of this entity.	a. 20Q Land sold the Head Office Property to Clifstone and in consideration received 4,705,350 Shares (at a value per Share equal to the Offer Price) under the Head Office Acquisition. b. The estate of Mrs Eunice Townsing (Henry Townsing Sr's mother), Mrs Gaynor Townsing (Henry Townsing Sr's wife), Mr Edward John Townsing (Henry Townsing Sr's son) and Mrs Emily Townsing (Henry Townsing Sr's daughter in law) have a cumulative ownership interest of approximately 8.5% in this entity.
2.	Athem Pty Ltd atf the Aushe Family Trust (**Athem**)	Henry Townsing Jr is a director of this entity.	a. Athem sold 100% of the Shares on issue in Spring Kids to MB 1 and in consideration received 8,507,490 Shares (at a value per Share equal to the Offer Price). The Aushe Family b. Trust is a discretionary trust pursuant to which each of Henry Townsing Sr and Henry Townsing Jr may be a beneficiary.
3.	AWCC Pty Ltd ACN 601 600 926 (**AWCC**)	Henry Townsing Sr and Mr Edward Townsing are both directors of this entity.	a. AWCC sold its interest in the Managing Partner and the Partnership to MNL Operations and in consideration received 3,405,220 Shares (at a value per Share equal to the Offer Price) b. The estate of Mrs Eunice Townsing (Henry Townsing Sr's mother), Mrs Gaynor Townsing (Henry Townsing Sr's wife), Mr Edward John Townsing (Henry Townsing Sr's son) and Mrs Emily Townsing (Henry Townsing Sr's daughter in law) have a cumulative ownership interest of approximately 85.4% in this entity.
4.	AWG No.17 Pty Ltd ACN 601 726 630 (**AWG No 17**)	Henry Townsing Sr and Mr Edward Townsing are both directors of this entity.	a. AWG No 17 sold its interest in Zest Living and Zest Living Developments to MNL Operations and in consideration received 11,820,718 Shares (at a value per Share equal to the Offer Price). b. The estate of Mrs Eunice Townsing (Henry Townsing Sr's mother), Mrs Gaynor Townsing (Henry Townsing Sr's wife), Mr Edward John Townsing (Henry Townsing Sr's son) and Mrs Emily Townsing (Henry Townsing Sr's daughter in law) have a cumulative ownership interest of approximately 85.4% in this entity.

#	Individual/entity	Details of relevant interest giving rise to related party status	Financial benefit and valuation
5.	Barkly II Custodian Projects Pty Ltd atf Barkly II Greenvale Unit Trust (**Barkly Greenvale**)	Henry Townsing Jr is a director of this entity.	a. Barkly Greenvale sold the Greenvale Property to Clifstone and in consideration received 12,174,938 Shares (at a value per Share equal to the Offer Price) plus $2,313,340 paid in cash to refinance mortgage debt. b. Henry Townsing Sr, the estate of Mrs Eunice Townsing (Henry Townsing Sr's mother), Mrs Gaynor Townsing (Henry Townsing Sr's wife), Mr Edward John Townsing (Henry Townsing Sr's son) and Mrs Emily Townsing (Henry Townsing Sr's daughter in law) have a cumulative ownership interest of approximately 46.7% in this entity.
6.	Barkly II Custodian Projects Pty Ltd atf Barkly II Malvern Unit Trust (**Barkly Malvern**)	Henry Townsing Jr is a director of this entity.	a. Barkly Malvern sold the Malvern Property to Clifstone and in consideration received 8,954,825 Shares (at a value per Share equal to the Offer Price), plus $4,310,000 paid in cash to refinance mortgage debt. b. Henry Townsing Sr, the estate of Mrs Eunice Townsing (Henry Townsing Sr's mother), Mrs Gaynor Townsing (Henry Townsing Sr's wife), Mr Edward John Townsing (Henry Townsing Sr's son) and Mrs Emily Townsing (Henry Townsing Sr's daughter in law) have a cumulative ownership interest of approximately 16.2% in this entity.
7.	CVC Venture Managers Pty Ltd ACN 606 868 017 (**CVC Venture Managers**)	Henry Townsing Sr is a director of this entity.	a. Under the Acquisitions, CVC Venture Managers (i) assigned its rights under in the Management Agreements; (ii) sold its shares in Mobe Growth; and (iii) sold its shares in MB 1, to MNL Operations and in consideration received a total of 25,821,283 Shares (at a value per Share equal to the Offer Price). b. Henry Townsing Sr, Mrs Gaynor Townsing (Henry Townsing Sr's wife) and Mrs Emily Townsing (Henry Townsing Sr's daughter in law), have a cumulative ownership interest of 100% in this entity.
8.	Land Real Pty Ltd ACN 006 535 299 (**Land Real**)	Henry Townsing Sr is a director of this entity.	a. Henry Townsing Sr and Mrs Gaynor Townsing (Henry Townsing Sr's wife), have a cumulative ownership interest of approximately 66.7% in this entity. b. Land Real will partially underwrite $1,000,000 of the Entitlement Offer - nothing that this is fully sub-underwritten by an unrelated third party (CVC Limited).

#	Individual/entity	Details of relevant interest giving rise to related party status	Financial benefit and valuation
9.	Pilmora Pty Ltd as trustee for the Townsing Family Trust (**Pilmora**)	Henry Townsing Sr is a director of this entity.	a. Pilmora has ownership interests in 20Q Land, AWCC, AWG No 17, Barkly Greenvale, and Barkly Malvern. b. The Townsing Family Trust is a discretionary trust pursuant to which Henry Townsing Sr and Henry Townsing Jr may be a beneficiary.
10.	Stanton Lea Pty Ltd ACN 611 043 200 as trustee for the Pilmora Superannuation Fund (**Stanton Lea**)	Henry Townsing Sr is a director of this entity.	a. As the holder of 12,725 Shares prior to the Offers, Stanton Lea will be entitled to subscribe for up to 50,900 Shares under the Entitlement Offer. b. Stanton Lea will also be permitted to subscribe for up to 25,000 Shares under the Top Up Offer. c. Henry Townsing Sr is the sole member of the Pilmora Superannuation Fund. d. Stanton Lea will be entitled to up to 3,057,390 Shares under the Partnership Acquisition, with any further amounts owing under the adjustment to be paid in cash. e. Stanton Lea as trustee for the Pilmora Superannuation Fund, has ownership interests in 20Q Land, AWCC, AWG No 17, Barkly Greenvale, and Barkly Malvern.
11.	Stockriver Pty Ltd as trustee for the Stockriver Trust (**Stockriver**)	Henry Townsing Sr is a director of this entity.	a. As the holder of 8,527 Shares prior to the Offers, Stockriver will be entitled to subscribe for up to 34,108 New Shares under the Entitlement Offer. b. Henry Townsing Sr is a 50% shareholder of Stockriver Pty Ltd. c. Mrs Gaynor Townsing is the wife of Henry Townsing Sr and a 50% shareholder of Stockriver Pty Ltd. d. Stockriver has ownership interests in 20Q Land, AWCC, AWG No 17, Barkly Greenvale, Barkly Malvern and CVC Venture Managers. e. The Stockriver Trust is a discretionary trust pursuant to which Henry Townsing Sr and Henry Townsing Jr may be a beneficiary.
12.	Barkly II Custodian Pty Ltd ACN 606 703 628 atf Barkly II Unit Trust (**Barkly Education**)	Henry Townsing Jr is a director of this entity.	a. Henry Townsing Sr, the estate of Mrs Eunice Townsing (Henry Townsing Sr's mother), Mrs Gaynor Townsing (Henry Townsing Sr's wife), Mr Edward John Townsing (Henry Townsing Sr's son) and Mrs Emily Townsing (Henry Townsing Sr's daughter in law) have a cumulative ownership interest of 75% in this entity.

Schedule 3 - Voting power of Acquisition Vendors and their associates

#	Parties with Relevant Interest and Voting Power	Shares held prior to the Acquisitions	Shares issued under the Acquisitions	Total Shares following the Acquisitions	Details of Relevant Interest	Interests in voting shares in the capital of the Acquisition Vendor or the asset	Voting Power prior to completion of the Acquisitions	Voting Power following completion of the Acquisitions (assuming the Offers are fully subscribed)[1]	Voting Power following completion of the Offers[2]
1.	20Q Land Co. Pty Ltd ACN 168 372 405	Nil	4,705,350	4,705,350	Issued 4,705,350 Shares under the Head Office Acquisition.	17.9%	0%	2.2%	2.8%
2.	31 Edgewater Pty Ltd ACN 142 338 323	Nil	23,750,000	23,750,000	Issued 23,750,000 Subscription Shares under the Maribyrnong Acquisition.	0%	0%	11.0%	14.2%
3.	Athem Pty Ltd ACN 614 207 073 as trustee for the Aushe Family Trust	Nil	8,507,490	8,507,490	Issued 8,507,490 Shares under the Spring Kids Acquisition.	100% Emily Townsing (wife of Henry Townsing Jr), owns 100% of the shares in this entity.	0%	3.9%	5.1%
4.	AWCC Pty Ltd ACN 601 600 926	Nil	3,405,220	3,405,220	Issued 3,405,220 Shares under the Partnership and Managing Partner Acquisitions.	100% Henry Townsing Sr and Henry Townsing Sr, together with the estate of Mrs Eunice Townsing (Henry Townsing Sr's mother), Mrs Gaynor Townsing (Henry Townsing Sr's wife), Mr Edward John Townsing (Henry Townsing Sr's son) and Mrs Emily Townsing (Henry Townsing Sr's daughter in law) hold a 100% interest in the voting shares in this entity.	0%	1.6%	2.0%
5.	AWG No.17 Pty Ltd ACN 601 726 630	Nil	11,820,718	11,820,718	Issued 11,820,718 Shares under the Zest Living Acquisition.	100%	0%	5.5%	7.0%
6.	Barkly II Custodian Projects Pty Ltd ACN 606 703 619 as trustee for the Barkly II Greenvale Unit Trust	Nil	12,174,938	12,174,938	Issued 12,174,938 Consideration Shares under the Greenvale Acquisition.	100%	0%	5.6%	7.3%
7.	Barkly II Custodian Projects Pty Ltd ACN 606 703 619 as trustee for the Barkly II Malvern CC Unit Trust	Nil	8,954,825	8,954,825	Entitled to a maximum of 8,954,825 Consideration Shares under the Malvern Acquisition.	100%	0%	4.1%	5.3%

#	Parties with Relevant Interest and Voting Power	Shares held prior to the Acquisitions	Shares issued under the Acquisitions	Total Shares following the Acquisitions	Details of Relevant Interest	Interests in voting shares in the capital of the Acquisition Vendor or the asset	Voting Power prior to completion of the Acquisitions	Voting Power following completion of the Acquisitions (assuming the Offers are fully subscribed)[1]	Voting Power following completion of the Offers[2]
8.	CVC Venture Managers Pty Ltd ACN 606 868 017	Nil	21,086,375	21,086,375	• Issued 23,296,283 Shares under the Mobe Growth Acquisition (transferred 4,736,408 shares post sale). • Issued 2,500,000 Shares under the Management Rights Acquisition. • Issued 25,000 under the Montessori Beginnings Acquisition. • 1,500 shares were acquired off market.	100%	0%	9.8%	12.6%
9.	Frascatti Pty Ltd ACN 073 423 999 atf Frascatti Trust	Nil	3,249,279	3,249,279	Issued 3,249,279 Shares under the Mobe Growth Acquisition.	100%	0%	1.5%	1.9%
10.	Hento Investments Pty Ltd ACN 120 079 718 as trustee for the Hento Investments Trust	Nil	11,820,718	11,820,718	Issued 11,820,718 Shares under the Zest Living Acquisition.	100%	0%	5.5%	7.0%
11.	GMO New Pty Ltd ACN 615 409 339	Nil	11,820,718	11,820,718	Issued 11,820,718 Shares under the Zest Living Acquisition.	100%	0%	5.5%	7.0%
12.	Statesman Limited (CRN 02998093) (**Statesman**)	Nil	3,057,390	3,057,390	Entitled to a maximum of 3,057,390 Shares under the Partnership Acquisition.	N/A	0%	1.4%	1.8%
13.	Lo Fai Tsim Super Fund	Nil	2,468,092	2,468,092	Issued 2,468,092 Shares under the Mobe Growth Acquisition.	N/A	0%	1.1%	1.5%
14.	The Trustee for the Anglo Australian Christian Charitable Trust	Nil	388,229	388,229	Issued 388,229 Shares under the Mobe Growth Acquisition.	N/A	0%	0.2%	0.2%
15.	Normandy Advisers Sdn Bhd No 23 atf Daud Yunus	Nil	2,117,966	2,117,966	Issued 2,117,966 Shares under the Mobe Growth Acquisition.	N/A	0%	1.0%	1.3%
16.	Normandy Advisers Sdn Bhd No 23 atf Normandy Finance & Investment Asia Ltd	456,980	1,539,318	1,996,298	Issued 1,539,318 Shares under the Mobe Growth Acquisition.	N/A	0%	0.7%	1.2%
17.	Normandy Advisers Sdn Bhd No 23 atf Bake with Yen Sdn Bhd	Nil	998,670	998,670	Issued 998,670 Shares under the Mobe Growth Acquisition.	N/A	0%	0.5%	0.6%

#	Parties with Relevant Interest and Voting Power	Shares held prior to the Acquisitions	Shares issued under the Acquisitions	Total Shares following the Acquisitions	Details of Relevant Interest	Interests in voting shares in the capital of the Acquisition Vendor or the asset	Voting Power prior to completion of the Acquisitions	Voting Power following completion of the Acquisitions (assuming the Offers are fully subscribed)[1]	Voting Power following completion of the Offers[2]
18.	Normandy Advisers Sdn Bhd No 23 atf Mohd Ali Mohd Tahir	Nil	1,354,103	1,354,103	Issued 1,354,103 Shares under the Mobe Growth Acquisition.	N/A	0%	0.6%	0.8%
19.	Normandy Advisers Sdn Bhd No 23 atf L'Fred Chuah Teong Eng	Nil	312,085	312,085	Issued 312,085 Shares under the Mobe Growth Acquisition.	N/A	0%	0.1%	0.2%
20.	Normandy Advisers Sdn Bhd No 23 atf Elsie Lee Chee Seong	Nil	312,085	312,085	Issued 312,085 Shares under the Mobe Growth Acquisition.	N/A	0%	0.1%	0.2%
21.	Stanton Lea Pty Ltd ACN 611 043 200 as trustee for the Pilmora Superannuation Fund	12,725	3,082,390	3,095,115	• Related party of Henry Townsing Sr. • Holder of 12,725 Shares prior to the Offers. • Entitled to subscribe for up to 25,000 New Shares under the Top Up Offer. • Entitled to a maximum of 3,057,390 Shares under the Partnership Acquisition.	100% This entity is 100% owned by Gaynor Townsing (wife of Henry Townsing Sr)	0.0%	1.4%	1.8%
22.	Stockriver Pty Ltd ACN 611 043 013 as trustee for the Stockriver Trust	9,507	25,000	34,507	• Related party of Henry Townsing Sr. • Holder of 8,527 Shares prior to the Offers. • Entitled to subscribe for up to 25,000 New Shares under the Top Up Offer.	100% 50% of the shares on issue in this entity are owned by Henry Townsing Sr, and the remaining 50% of the shares on issue are owned by Gaynor Townsing (wife of Henry Townsing Sr).	0.0%	0.0%	0.0%
	TOTAL	**479,212**	**136,950,959**	**137,430,171**			**Less than 1%**	**63.5%**	**82.0%**

Notes:

1. *This assumes there are 215,820,260 Shares on issue, comprising 162,695,260 Shares as at the Prospectus Date and 53,125,000 Shares are issued under the Offers.*
2 *This assumes there are 167,695,260 Shares on issue, comprising 162,695,260 Shares as at the Prospectus Date and underwritten 5,000,000 Shares are issued under the Offers.*

APPENDIX A: SIGNIFICANT ACCOUNTING POLICIES

1. General Information

Basis of preparation

The Financial Information has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

The Financial Information is presented in Australian dollars, which is MNL's functional and presentation currency and is rounded to the nearest dollar.

Historical cost convention

The Financial Information has been prepared under the historical cost convention.

Principles of consolidation

The Financial Information incorporates the assets and liabilities of all subsidiaries of Macarthur National Ltd as at 31 December 2021 and the results of all subsidiaries for the relevant periods. The company and its subsidiaries together are referred to as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

2. Summary of Significant Accounting Policies

Revenue recognition

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Rental Income

Rental Income from operating leases where the Companies are lessors is recognised in income on a straight-line basis over the lease term.

Sale of properties

Revenue is recognised upon settlement, which has been determined when the significant risks and rewards of ownership are transferred to the purchaser.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Collectability of trade receivable is reviewed on an ongoing basis. Receivables which are known to be uncollectable are written off. A provision for expected credit losses is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

i. held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or

ii. (designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Inventories

Properties under construction

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, director labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition.

Long term property developments

Inventories are valued at the lower of cost and net realisable value. Costs include the cost of Land acquisition, development costs, marketing costs, holding costs, borrowing costs and all other costs directly related to the development. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Income and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Revenues, expenses and assets are recognised net of the amount of GST except:

i. where the GST incurred is not recoverable from the Australian Taxation Office ("ATO"), and is therefore recognised as part of the asset's cost or as part of the expense item.

ii. receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position. Cash flows are presented in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to the taxation authority are classified as operating cash flows.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the liabilities are derecognised and as well as through the amortisation process.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. All other borrowing costs are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

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

Associates

Associates are entities over which the Company has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Company share of losses in an associate equal or exceeds its interest in the associate, including any unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3. Critical accounting judgements, estimates and assumptions

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts in the Financial Information. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Coronavirus (COVID-19) pandemic

Judgement has the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. There does not currently appear to be either any significant impact upon the Financial Information or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic

Macarthur National Ltd
ACN 633 180 346
All registry communications to:
By email
registry@registrydirect.com.au
By Mail
Registry Direct
PO Box 18366
Collins Street East VIC 8003
Telephone
1300 55 66 35 (within Australia)
+61 3 9909 9909 (outside Australia)
+61 3 9111 5652 (Facsimile)

INVESTOR NAME
ADDRESS
ADDRESS
ADDRESS
ADDRESS
ADDRESS

Entitlement Offer, Top Up Offer and Shortfall Shares Application Form

This Application Form is for parties who are entitled to participate in the Entitlement Offer, Top Up Offer (and allows for application for Shortfall Shares) as detailed in the replacement prospectus issued by Macarthur National Ltd (**Company**) dated 15 July 2022 (the **Prospectus**), which replaces the prospectus issued by the Company dated 8 July 2022. If you wish to participate in the Entitlement Offer, Top Up Offer and/or apply for Shortfall Shares, **your payment must be received by 5:00pm (Sydney time) on Friday 12 August 2022.**

The Prospectus and this Application Form are important documents that require your immediate attention. This Application Form can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial adviser.

Step 1: Registration Name & Offer Details
Details of the shareholder and entitlements for the Entitlement Offer, Top Up Offer and/or Oversubscription Facility are shown overleaf.

Step 2: Make Your Payment
You can apply to accept either all or part of your entitlement under the Entitlement Offer and Top Up Offer. You may also apply for additional shares by making a payment above the cost of your entitlement (please see the Prospectus for more information regarding applying for Shortfall Shares).

By making a payment, you confirm that you agree to all of the terms and conditions as detailed in the Prospectus.

You can either pay by **BPAY** or cheque.

To pay by **BPAY**, use the biller code and reference number shown overleaf. **If you pay by BPAY, you do not need to complete or return this form.**

To pay by cheque, complete steps 1 and 2 on the following page. Make your cheque payable in Australian dollars to "Registry Direct Limited Application Account" and cross "Not Negotiable". The cheque must be drawn from an Australian bank. Once completed, post the Application Form and your cheque to:

Registry Direct Limited
PO Box 18366
Collins Street East VIC 8003

Payment will not be accepted by any other means and receipts will not be forwarded.

Privacy Notice
See https://www.registrydirect.com.au/privacy-policy/

You do NOT need to complete or return this form if you pay by BPAY

Entitlement Offer, Top Up Offer and Shortfall Shares Application Form

r payment must be received by 5:00 pm (Sydney time) on Friday, 12 August 2022.

Registration Name & Entitlement Offer Details

Holder:

SRN/HIN:

Offer Details: Number of shares entitled to participate as at 15 September 2021:	****
Entitlement to New Shares on a 4 New Shares for 1 Existing Share basis:	
(A) Entitlement Offer: Amount payable on full acceptance at $0.20 per New Share (A):	
(B) Top Up Offer: Up to a maximum of $5,000:	
(C) Optional additional investment amount. (Please ensure your additional investment amount is a multiple of $0.20. No refunds of 19 cents or less will be made):	
Total amount payable (A) + (B) + (C):	$

NOTE: you are guaranteed the shares for (A) and (B) and may be offered all or part of the shares for (C) according to the terms for Oversubscription set out in the Prospectus – with refund as appropriate.

Make Your Payment

by BPAY:

tact your bank or financial institution to make this payment from your cheque, savings, debit, credit card or transaction account

by CHEQUE:

act Name ____________________ **Telephone** ____________________

				A$

MUST ensure your bank account has sufficient cleared funds.

Macarthur National Ltd
ACN 633 180 346
All registry communications to:
By email
registry@registrydirect.com.au
By Mail
Registry Direct
PO Box 18366
Collins Street East VIC 8003
Telephone
1300 55 66 35 (within Australia)
+61 3 9909 9909 (outside Australia)
+61 3 9111 5652 (Facsimile)

INVESTOR NAME
ADDRESS
ADDRESS
ADDRESS
ADDRESS
ADDRESS

Entitlement Offer and Shortfall Shares Application Form

This Application Form is for parties who are entitled to participate in the Entitlement Offer (and allows for application for Shortfall Shares) as detailed in the replacement prospectus issued by Macarthur National Ltd (**Company**) dated 15 July 2022 (the **Prospectus**), which replaces the prospectus issued by the Company dated 8 July 2022. . If you wish to participate in the Entitlement Offer and apply for Shortfall Shares, **your payment must be received by 5:00pm (Sydney time) on Friday 12 August 2022.**

The Prospectus and this Application Form are important documents that require your immediate attention. This Application Form can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial adviser.

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Details of the shareholder and entitlements for the Entitlement Offer are shown overleaf.

Step 2: Make Your Payment
You can apply to accept either all or part of your entitlement. You may also apply for additional shares by making a payment above the cost of your entitlement (please see the Prospectus for more information regarding applying for Shortfall Shares).

By making a payment, you confirm that you agree to all of the terms and conditions as detailed in the Prospectus.

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Entitlement Offer and Shortfall Shares Application Form

r payment must be received by 5:00 pm (Sydney time) on Friday 12 August 2022

Registration Name & Entitlement Offer Details

Holder:

SRN/HIN:

Offer Details:	Number of shares entitled to participate as at 15 September 2021:	****
	Entitlement to New Shares on a 4 New Shares for 1 Existing Share basis:	
	(A) Amount payable on full acceptance at $0.20 per New Share:	
	(B) Optional additional investment amount (Please ensure your additional investment amount is a multiple of $0.20. No refunds of 19 cents or less will be made):	$
	Total amount payable (A) + (B):	

NOTE: you are guaranteed the shares for (A) and may be offered all or part of the shares for (B) according to the terms for Oversubscription set out in the Prospectus – with refund as appropriate.

Make Your Payment

by BPAY:

Biller Code: 626010
Ref No:

**tact your bank or financial institution to make this payment from your cheque, savings, debit, credit card or transaction
ount.**

by CHEQUE:

act Name ____________________ **Telephone** ____________________

que Details

ver	Cheque Number	BSB Number	Account Number	Amount of Cheque

MUST ensure your bank account has sufficient cleared funds.

Placement Offer Application Form

The Placement Offer is only available to sophisticated investors as defined by section 708 of the Corporations Act 2001 (Cth). If you are applying for less than AUD $500,000 you need to supply an accountant's certificate indicating you are a sophisticated investor.

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THE APPLICATION FORM.
Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

1. If applying for Securities insert the number of Shares for which you wish to subscribe at Item A (not less than 10,000 shares (AUD $2,000) and then in multiples of 2,500 shares (AUD $500)).

2. Multiply the number of shares by AUD $0.20 and enter the amount.

3. Write your full name. Initials are not acceptable for first names.

4. Enter your postal address for postal correspondence. All postal correspondence to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

5. Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ ABN of each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

6. Complete payment details as requested. Applicants may lodge their Application Form and pay their Application Monies to their broker in accordance with the relevant broker's directions. Please contact your broker for further instructions.

7. Enter your telephone number so we may contact you regarding your Application Form or Application Monies.

8. Enter your email address. This field is not compulsory. If you provide an email address, you declare that you wish to have corporate communications emailed rather than posted.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Securities. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABR P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form to the following address **by no later than 5:00pm AEST on Friday 12 August 2022** (date subject to change):

Mailing address:
Registry Direct Limited
PO Box 18366
Collins Street East VIC 8003

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions regarding the Application Form, please contact Registry Direct on 1300 55 66 35 or email registry@registrydirect.com.au.

MACARTHUR NATIONAL LIMITED

Placement Offer Application Form

Fill out this Application Form if you wish to apply for Shares on the terms set out in the **replacement** prospectus dated **15 July 2022** (**Prospectus**) issued by Macarthur National Ltd ACN 633 180 346 (**Company**). This Application Form and your Application Amount must be received by **5.00pm (AEST Time) on Friday 12 August 2022** (unless the Offer is closed earlier at the Company's discretion). This Application Form must not be distributed to another person unless accompanied by the Prospectus. The Prospectus will expire 13 months after the date of the Original Prospectus. Upon request, the Share Registry will send you a free paper copy of the Prospectus before the Prospectus expires. By submitting this Application Form, you declare that this Application is completed and lodged according to the Prospectus, you were given access to the Prospectus together with the Application Form and that all details and statements made by you are complete and accurate. You also agree to be bound by the constitution of the Company and you represent and warrant to the Company that your application for Shares will not cause the Company to violate the laws of Australia or any other jurisdiction.

To apply online with BPAY

Go to:
www.registrydirect.com.au/offer/MNLPO

Or, scan the barcode below with your mobile device:

1 Number of Shares you are applying for:

x $0.20 per share =

2 Total amount payable

3 Write the name(s) you wish to register the Securities in (see reverse for instructions)

Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>

4 Write your postal address here

Number/Street

Suburb/Town

State

Postcode

Please complete information on the next page →

5 **Enter your tax file number(s), ABN, or exemption category**

Applicant 1

Applicant 2

Applicant 3

6 **Payment details:**

BY CHEQUE: Please make your cheque payable to Registry Direct Pty Limited – Macarthur National Ltd.

Drawer	Cheque No.	BSB No.	Account Number	Amount of Payment
				$

Cheques are to be received and cleared by the closing date.

7 **Contact telephone number (mobile)**

8 **Email address (not compulsory)**

By providing your email address, you declare you wish to receive corporate communications via email.

Privacy Statement:
Registry Direct's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Register. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting the Application Form. The Privacy Policy can be found on the website https://www.registrydirect.com.au/privacy-policy/.

Registry Direct Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting Registry Direct at the address or telephone number shown on the Application Form.

CORPORATE DIRECTORY

Board of Directors

Henry Townsing
Chairman
Non-Executive Director

Dr Les Fitzgerald
Non-Executive Director

Dennis Wilkie
Non-Executive Director

Richard Barton
Company Secretary

Registered Office

68 Dorcas Street,
Southbank
VIC 3006

T: 61 3 9828 0500
E: general@macarthurnational.com.au

Underwriter

Land Real Pty Ltd
68 Dorcas Street,
Southbank
VIC 3006

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Auditor of the Group

RSM Australia Partners
Level 21, 55 Collins Street West
Melbourne
VIC 3000

T: 61 3 9286 8000
F: 61 3 9286 8199

Auditor of Mobe Growth

RSM Australia Partners
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Investigating Accountant

RSM Corporate Australia Pty Ltd
Level 21, 55 Collins Street West
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T: 61 3 9286 8000
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Legal

K&L Gates
525 Collins Street,
Melbourne
VIC 3000

Share Registry

Registry Direct Limited
PO Box 18366
Collins Street East
Melbourne VIC 8003:

T: 1300 55 66 35 (within Australia)
T: +61 3 9909 9909 (outside of Australia)
F: +61 3 9111 5652

Change of Address

Shareholders who have changed address should advise our registry by logging in to their Shareholder account at https://www.registrydirect.com.au/login/

Correspondence mailing

Shareholders who prefer to receive correspondence electronically should advise our registry by logging in to their Shareholder account at https://www.registrydirect.com.au/login/


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