MACARTHUR NATIONAL LTD

ACN 633 180 346
Address: Suite 2401,70 Dorcas St
Southbank VIC 3006
Telephone: 61 3 9828 0510
Email: general@macarthurnational.com.au
Website: www.macarthurnational.com.au

4 June 2025

Dear Shareholder,

Letter to Shareholders – Extraordinary General Meeting

An Extraordinary General Meeting of Macarthur National Ltd (the **Company**) will be held as follows:

Time and date: 11.00am (Melbourne time) on Friday, 27 June 2025
Location: The meeting will be held in person at the venue below and broadcast via a webinar as follows:

- **In person venue:** Suite 2401, 70 Dorcas St Southbank Vic 3006.
- **Webinar On-line:** https://www.registrydirect.com.au/MNL_EGM25 (broadcast of the meeting via webinar only)

In accordance the *Corporations Act 2001* (Cth) (**Corporations Act**), the Company will only be dispatching physical copies of the Notice of Meeting (**Notice**) to Shareholders who have elected to receive the Notice in physical form. The Notice and Report are being made available to Shareholders electronically and can be viewed and downloaded online at the following link: https://macarthurnational.com.au/.

If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the Notice and Report.

Voting at the Meeting or by proxy

Shareholders are encouraged to vote by lodging a proxy form.

Online: Lodge the proxy form online at: https://www.registrydirect.com.au/investor
Email: Completing the proxy form and emailing it to: registry@registrydirect.com.au
By post: Completing the proxy form and posting it to Registry Direct, PO BOX 572, Sandringham VIC 3191
Fax: Completing the proxy form and faxing it to +61 3 9111 5652

Your proxy voting instruction must be received by 11:00am (Melbourne time) on 25 June 2025, being 48 hours before the commencement of the Meeting. Any proxy voting instructions received after the above time will not be valid for the Meeting. The Meeting materials should be read in their entirety.

If shareholders are in doubt as to how they should vote, they should seek advice from their financial advisor, lawyer, accountant or other professional adviser prior to voting.

Yours faithfully,

Surinder Sidhu - Company Secretary

Macarthur National Limited (ACN 633 180 346)

NOTICE OF EXTRAORDINARY GENERAL MEETING

Date: Friday, 27 June 2025

Time: 11:00 am (Melbourne time)

Place: Meeting held In-person and Broadcast via a webinar

In person venue: Suite 2401, 70 Dorcas St Southbank Vic 3006
Webinar On-line: https://www.registrydirect.com.au/MNL_EGM25
(broadcast of the meeting via webinar only)

This Notice of Meeting and Explanatory Statement should be read in its entirety. If you are in any doubt about what to do in relation to the Resolutions contemplated in this Notice, it is recommended that you seek advice from your accountant, solicitor or other professional advisor.

INDEPENDENT EXPERT'S REPORT: Shareholders should carefully consider the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd accompanying the Explanatory Statement (set out in Annexure 1 of this Notice) for the purposes of the Shareholders approvals required. The Independent Expert's Report comments on whether certain proposed transactions, the subject of this Notice (in particular, Resolution 1), is **not fair** but **reasonable** to the non-associated Shareholders, and concludes that it is **not fair** but **reasonable** to the non-associated Shareholders.

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Key Dates

Particulars	Date
Despatch Notice to Company shareholders	4 June 2025
Last date at which share ownership determined for Meeting	11am (Melbourne time) 25 June 2025
Lodge Proxy Votes online at Registry – Registry Direct	11am (Melbourne time) 25 June 2025
Hold the general meeting of MNL Shareholders	11am (Melbourne time) 27 June 2025
Completion of Proposed Transaction	15 February 2027

Important Information

The Notice of Meeting is dated 4 June 2025.

A copy of this Notice of Meeting has been lodged with ASIC on 4 June 2025. ASIC does not take any responsibility for the contents of this Notice of Meeting.

This Notice of Meeting does not take into account the individual investment objectives, financial situation or particular needs of any person. Shareholders should seek professional advice from a licensed financial adviser, accountant, stockbroker, lawyer or other professional adviser before deciding whether or not to approve the Resolutions set out in the Notice of Meeting.

The Company plans to physically hold the Meeting at Suite 2401, 70 Dorcas St Southbank Vic 3006 and via Webinar on-line at https://www.registrydirect.com.au/MNL_EGM25.

Financial amounts in this Notice of Meeting are expressed in Australian dollars unless otherwise stated.

This Notice of Meeting is governed by the law in force in Victoria, Australia.

Corporate Directory

Directors
Mr Henry Townsing Sr
Mr Dennis Wilke
Dr Leslie Fitzgerald

Company Secretary
Mr Surinder Sidhu

Registered Office
Suite 2401, 70 Dorcas Street
Southbank VIC 3006 Australia
Website
https://macarthurnational.com.au/

Share registry
Registry Direct
PO Box 18366, Collins Street East
Melbourne VIC 8003
T: 1300 55 66 35 (within Australia)
T: +61 3 9909 9909 (outside Australia)

Enquiries

If you have any queries about the matters set out in this Notice of Meeting, please contact Registry Direct on the above contact details during office hours.

Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting (**Meeting**) of the Shareholders of Macarthur National Limited (**Macarthur, MNL** or **Company**) will be held In-person at Suite 2401, 70 Dorcas St Southbank Vic 3006 and via Webinar on-line at https://www.registrydirect.com.au/MNL_EGM25 on Friday, 27 June 2025 commencing at 11:00am (Melbourne time) for the purpose of transacting the business set out in this Notice of Meeting.

All resolutions will be conducted by way of a poll.

Shareholders are strongly encouraged to submit their proxies as early as possible and in any event prior to the cut-off for proxy voting as set out in this Notice. To lodge your proxy, please follow the directions on your proxy form which will be delivered to you by email or post (depending on your communication preferences).

Shareholders attending the Meeting will be able to ask questions and cast their votes on the proposed resolutions at the Meeting. Shareholders who intend to join the Meeting via the Registry Direct Portal are requested to submit questions to the email below before the Meeting and asked to dial-in at least 15 minutes prior to the start of the Meeting to allow the Company to take your details available here – https://www.registrydirect.com.au/MNL_EGM25.

The Company welcomes any questions submitted prior to the Meeting by email to ssidhu@macarthurnational.com.au. Where a written question is raised in respect of the resolutions to be considered at the Meeting or the key management personnel of the Company, the Company will address the relevant question during the course of the Meeting or by written response after the Meeting.

The purpose of the Meeting is to:

1. inform Shareholders of the Proposed Transaction;
2. obtain Shareholder approval for the various components of the Proposed Transaction as required under the Corporations Act; and
3. for Shareholders to approve the adoption of employee share plans by certain subsidiaries of the Company.

Information to shareholders

Macarthur is seeking Shareholder approval for a proposed acquisition that aligns with its strategy to build a social infrastructure business focused on creating vibrant communities for families. This initiative aims to enhance the lives of the people who bring these communities to life. The business will be supported by property ownership, providing Macarthur with a stable rental income stream.

The Acquisition, for which Macarthur is seeking shareholder approval, is in line with this strategy and represents an asset which is valued at $23.0 million. It is the intention of the Company to utilise, in full or in part, the net income generated from its properties and businesses, including the subject of the Acquisition, to generate returns for shareholders.

The asset the subject of the Acquisition is a property on which a residential living community will be developed. Macarthur will determine the exact manner in which it will deploy the Stephenson Property in due course. It is proposed that the consideration payable for the Acquisition will be satisfied in part by issuing Shares in Macarthur (**Proposed Transaction**).

Each of the Directors consider that the Proposed Transaction will create significant value for Shareholders and assist the Company to meet its previously stated objectives.

The following documents accompany this Notice and are designed to assist the Shareholders' understanding of the resolutions under consideration (**Resolutions**):

1. **Explanatory Statement**: provides an explanation of the Resolutions and sets out the disclosures required by law; and
2. **Independent Expert's Report:** the Independent Expert's Report has been prepared by RSM

Corporate Australia Pty Ltd for the purposes of the Shareholder approval required by Section 611 (item 7) of the Corporations Act. Shareholders should carefully consider the Independent Expert's Report. The Independent Expert's Report comments on the fairness and reasonableness to the non-associated Shareholders of the Proposed Transaction which is the subject of Resolutions 1 and 2 and concludes the Proposed Transaction is **not fair** but **reasonable** to the non-associated Shareholders.

Shareholders should read the above documents carefully.

Voting at the Meeting or by proxy

Shareholders are encouraged to vote by lodging a proxy form.

Online: Lodge the proxy form online at: https://www.registrydirect.com.au/investor

Email: Completing the proxy form and emailing it to: registry@registrydirect.com.au

By post: Completing the proxy form and posting it to Registry Direct, PO BOX 572, Sandringham VIC 3191

Fax: Completing the proxy form and faxing it to +61 3 9111 5652

Your proxy voting instruction must be received by 11:00am (Melbourne time) on 25 June 2025, being 48 hours before the commencement of the Meeting. Any proxy voting instructions received after the above time will not be valid for the Meeting. The Meeting materials should be read in their entirety.

Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative (for example, a non-director or its company secretary) at the virtual Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative.

The authority must be received by the Company Secretary no later than 11.00 am (Melbourne time) on 25 June 2025 (or if the Meeting is adjourned or postponed, no later than 48 hours before the resumption of the Meeting in relation to the resumed part of the Meeting).

Macarthur National Limited (ACN 633 180 346)

AGENDA

The Explanatory Statement forms part of this Notice and describes in more detail all the matters to be considered.

Please consider this Notice in its entirety.

If Shareholders are in any doubt as how to vote, they should seek advice from their own independent financial, taxation or legal adviser without delay.

The business to be transacted at the Meeting is set out below:

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1. Resolution 1: Issue of Consideration Shares

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> *"That, subject to the passing of all Transaction-related Resolutions, for the purpose of Section 611 (item 7) of the Corporations Act and all other purposes, approval is given for the Company to issue to the Vendor (or its nominees) up to 44,983,333 Consideration Shares on the terms described in the Explanatory Statement."*

Expert's Report: Shareholders should carefully consider the Independent Expert's Report for the purposes of Shareholder approval under Section 611 (item 7) of the Corporations Act in relation to this Resolution. The Independent Expert's Report comments on the fairness and reasonableness to the non-associated Shareholders of the issue of Shares under this Resolution. The Independent Expert has determined that the issue is **not fair** but **reasonable** to the non-associated Shareholders.

Voting Exclusion Statement: Under Section 611 (item 7) of the Corporations Act, no votes may be cast in favour of this Resolution by:

(a) the persons and their associates proposing to make the Acquisition; or

(b) the persons and their associates (if any) from whom the Acquisition is to be made.

Accordingly, the Company will disregard any votes cast in favour of this Resolution by a Vendor and any associate of a Vendor who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company if the Resolution is passed.

However, a person described above may cast a vote on this Resolution if the person does so as a proxy for a person who is entitled to vote where:

(c) the Proxy Form specifies how the proxy is to vote on this Resolution; or

(d) the proxy is the Chairman, who may vote in favour of this Resolution in accordance with an express authorisation on the Proxy Form.

2. Resolution 2: Approval of Henry Townsing Sr and his related parties to participate in the Proposed Transaction

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> *"That, subject to the passing of all Transaction-related Resolutions, for the purposes of Section 208 of the Corporations Act and all other purposes, the Company enter into and complete the Proposed Transaction with Henry Townsing Sr and his related parties, on such terms and conditions described in the Explanatory Statement."*

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by or on behalf of Henry Townsing Sr and each related party thereof, and any associates of those persons. However, a person described above may cast a vote on this Resolution if the person does so as a proxy for a person who is entitled to vote where:

(a) the Proxy Form specifies how the proxy is to vote on this Resolution; or

(b) the proxy is the Chairman, who may vote in favour of this Resolution in accordance with an express authorisation on the Proxy Form.

3. Resolution 3: Approval for wholly owned subsidiaries to adopt employee share plan

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

> *"That, for the purposes of section 260C(4) of the Corporations Act and for all other purposes, the Shareholders approve that each of the following wholly owned subsidiaries of the Company:*
>
> - *Montessori Beginnings Melbourne West Pty Ltd ACN 675 805 955; and*
> - *Montessori Beginnings North Victoria Pty Ltd ACN 673 614 965,*
>
> *adopt an employee share plan on such terms and conditions described in the Explanatory Statement."*

By order of the Board of Macarthur National Limited:

Surinder Sidhu - Company Secretary
4 June 2025

EXPLANATORY STATEMENT

1 BACKGROUND

1.1 Introduction

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Meeting.

The purpose of the Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions set out in the accompanying Notice. It explains the Resolutions and identifies the Board's reasons for putting them to Shareholders.

1.2 Action to be taken by Shareholders

Shareholders should read this Explanatory Statement before deciding how to vote on the Resolutions set out in the Notice.

All Shareholders are invited and encouraged to attend the Meeting. Lodgement of a Proxy Form, will not preclude a Shareholder from attending and voting at the Meeting, but the person appointed as the Proxy must then not exercise the rights conferred by the Proxy Form.

1.3 Why an Independent Expert's Report is being provided to Shareholders

The Company has commissioned the Independent Expert to prepare an Independent Expert’s Report to satisfy the requirements of the Corporations Act and ASIC Regulatory Guide 74, for the purpose of the Transaction-related Resolutions (as summarised in the sections below).

The Independent Expert's Report, prepared by the Independent Expert is attached in full to the Explanatory Statement in Annexure 1. Shareholders should read the full text of the Independent Expert's Report (including the Independent Expert's analysis of the advantages and disadvantages of the Proposed Transaction), to assist them in determining how they wish to vote in respect of the Resolutions 1 and 2 set out in the Notice.

In summary, the Independent Expert's Report concludes that the Proposed Transaction is **not fair** but **reasonable** to non-associated Shareholders.

1.4 Transaction-related Resolutions

Macarthur is seeking Shareholder approval to undertake an acquisition of property located at 41-59 Stephenson Street, South Kingsville 3015 (**Stephenson Property**) subject to the Acquisition Agreement (**Acquisition**).

It is proposed that the consideration payable for the Acquisition will be partly satisfied by issuing Shares (**Consideration Shares**) in Macarthur (with the balance in cash) - the issue of the Consideration Shares is referred to in this Notice as the '**Vendor Offer**'. As explained further in this Explanatory Statement, Henry Townsing Sr, one of Macarthur's Directors, is a director of and has an ownership interest in the holding company of the Stephenson Property.

Each of the Directors considers that the Proposed Transaction will create significant value for Shareholders and assist the Company to meet its previously stated objectives, the Acquisition will grow Macarthur's portfolio of social infrastructure assets, with a view to seeking a listing on the ASX in the future.

As explained in this Explanatory Statement, undertaking the Proposed Transaction will dilute the current Shareholders' shareholding, and increase Henry Townsing Sr's ownership interest and voting power, as well as the voting power of Mr Townsing Sr's related parties. On the other hand, the Proposed Transaction will likely increase Macarthur's Fair Market Value (as set out in the Independent Expert's Report) from approximately $38.0 million (pre-Proposed Transaction) to approximately $48.2 million to $52.2 million (post-Proposed Transaction, with the preferred value of $50.2 million).

1.5 Proposed Transaction is conditional

All the Transaction-related Resolutions are inter-conditional, meaning that each of them will only take effect if the other Transaction-related Resolution is approved by the required majority of Shareholders at the Meeting. If a Transaction-related Resolution is not approved, none of them will take effect and the transactions the subject of the Proposed Transaction will not complete.

1.6 Advantages of the Transaction-related Resolutions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions relating to the Proposed Transaction:

(a) The Proposed Transaction further strengthens Macarthur's social infrastructure business and further strengthens the pathway for Macarthur to deliver on its strategy to acquire a portfolio of Australian assets and seek an ASX listing.

(b) The Stephenson Property, once established and operational is expected to generate income for Macarthur including rental income. Surplus funds from rental income paid to Macarthur may be utilised to pay dividends to shareholders (although Macarthur cannot guarantee that it will be in a position to pay dividends in the near future or at all).

(c) The Vendor is related parties of Macarthur and part of the consideration payable under the Acquisition will be the Consideration Shares. Were the Vendor not a related party, the opportunity to acquire the asset the subject of the Acquisition (or an asset of equivalent value) through the issue of Consideration Shares may not have been available. In other words, the Directors consider that it is unlikely Macarthur would find another opportunity to acquire (through the issue of Shares) such a significant and complimentary asset in a similar transaction.

(d) The Proposed Transaction represents a significant strategic milestone for the Company, as it will directly increase Macarthur's real asset base which enhances the Company's financial profile.

A larger asset base provides an increased base for future growth, strengthens the Company's balance sheet, and may improve access to capital markets under more favourable terms. Furthermore, this can boost stakeholder confidence, attract new investors, and open the door to expanded business opportunities, partnerships, and regulatory benefits reserved for larger entities.

The Proposed Transaction reflects a well-aligned step toward long-term value creation and sustainable growth, making a compelling case for approval.

1.7 Disadvantages of the Transaction-related Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Transaction-related Resolutions:

(a) As summarised in Section 5 of the Explanatory Statement, the Proposed Transaction presents various operational risks that could have adverse consequences for Macarthur.

(b) The issue of Consideration Shares under the Vendor Offer to the Vendor will be dilutive on the current holdings of Shareholders. Consequently, existing non-vendor Shareholders' voting power and influence over the affairs of the Company will be reduced.

(c) The Company has been required to engage a number of advisors, lawyers and experts to facilitate and report on the Proposed Transaction. This work includes preparation of this Notice, Independent Expert's Report set out in Annexure 1 to this Explanatory Statement to ensure compliance with Corporations Act and other statutory requirements and approvals. These are sunk, but necessary, costs to all Shareholders.

1.8 If the Transaction-related Resolutions are approved

If the Transaction-related Resolutions are approved, Macarthur's asset portfolio will include the Stephenson Property following completion of the Proposed Transaction, which is intended to be developed into a further residential living community project. Once developed, the Stephenson Property will offer affordable housing for people who have made a lifestyle choice to live in a precinct with resort-style facilities. This community will generate income for Macarthur from which operations and dividends may be funded (although Macarthur cannot guarantee that it will be in a position to pay dividends in the near future or at all).

1.9 If the Transaction-related Resolutions are not approved

If the Transaction-related Resolutions are not approved, Macarthur will not be able to acquire the Stephenson Property. This will delay the long term value creation and growth plans as well as impacting the improvement in the real asset base of the Company including balance sheet, access to capital markets, tax related planning and all the other advantages as set out in Section 1.6 above.

1.10 The Vendor Offer

In order to fund the Acquisition, Macarthur intends to issue between 28,328,667 and 44,983,333 Shares at an agreed issue price of $0.24 to the Vendor as consideration for the Acquisition (**Vendor Offer**).

1.11 Macarthur post Proposed Transaction

Macarthur's capital structure following completion of the Vendor Offer is set out below.

Securities issued	Number of Securities	Indicative Price	Indicative market capitalisation	% of Shares on issue
Non-associated Shareholders prior to Vendor Offer	111,653,475	$0.24	$26,796,834.00	53.60% to 49.62%
Vendor associated Shareholders prior to Vendor Offer	68,357,879	$0.24	$16,405,890.96	32.81% to 30.38%
Vendor Offer (Shares)	28,316,667 to 44,983,333	$0.24	$6,796,000 to $10,796,000	13.59% to 19.99%
Total Shares	**208,328,021 to 224,994,687**	**$0.24**	**$49,998,725 to $53,998,725**	**100%**

Note: *The table above is prepared showing the minimum and maximum number of Consideration Shares that may be issued under the Vendor Offer and all shares are shown on an undiluted basis. There are also 6,000,000 options and 35,000 convertible notes (with a face value of $3.5 million) on issue the impact of which is not shown in the table above. The indicative market capitalisation is based on the agreed Consideration Share Price of $0.24* *which includes a premium to the share price of $0.20 pursuant to which shares were offered under the Company's Prospectus dated 15 July 2022.*

The Proposed Transaction will likely increase Macarthur's Fair Market Value (as set out in the Independent Expert's Report) from approximately $38.0 million (pre-Proposed Transaction) to approximately $48.2 million to $52.2 million (post-Proposed Transaction, with the preferred value of $50.2 million).

1.12 Timing of Proposed Transaction

The Stephenson Property transaction has a settlement date of 15 February 2027, this may be brought forward at the election of Macarthur. Accordingly, the transactions comprising the Proposed Transaction are (subject to Shareholder approval of the Transaction-related Resolutions set out in this Notice and subject to any other conditions precedent) intended to take place by 15 February 2027, however, a deposit is payable under the Acquisition Agreement on signing.

2 MACARTHUR OVERVIEW AND OPERATIONS

2.1 Overview of Macarthur

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

As owner, developer and operator of social infrastructure businesses Macarthur is focused on key sectors within its distinct Early Learning and Living business divisions as follows:

- **Early Learning Division:** provision of Early Childhood Education and Care Communities for 0–6 year-olds.
- **Living Division:** provision of affordable living solutions. Zest Living focusses on Residential Land Lease Communities for over 55-year-olds.

2.1.1 "Montessori Beginnings" – Early Learning and Childcare

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' 10 currently operating purpose built facilities located in Victoria, of which 8 centres are in greater Melbourne and 2 in regional Victoria.

2.1.2 Living – Affordable Living Solutions

"Zest Living" – Residential Land Lease Communities

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 establishment of the core Montessori Beginnings and Living businesses has provided the platform from which Macarthur continues to build out its footprint in the social infrastructure sector in a controlled manner.

Macarthur's two business divisions (being Early Learning and Living divisions) 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 fifty billion dollars with the Federal Government's annual spending growth rate in each sector approaching 12% and 5% per annum respectively as outlined the 2024-25 Budget Paper. 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 105,000 to more than 1,400,000 in the five year period from December 2019 to December 2024.

> 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 affordable housing) 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.

The value of share ownership in Macarthur 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 affordable living 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.

2.2 Objectives of Macarthur

2.2.1 Portfolio objectives

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

(a) Macarthur aims to develop, establish and operate branded communities for families in the early learning and affordable living sectors anchored by real estate assets.

(b) The Macarthur management team oversees the operation of each community and is committed to a disciplined, methodical growth strategy. This involves the phased development of high-quality communities, each within a distinct social infrastructure sector and offering a clear point of differentiation, with the objective of delivering sustainable long-term value.

2.2.2 Social objectives

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 Montessori Beginnings services operated by Macarthur.

(b) The Company will uphold the 'Montessori' charter by providing staff with a bespoke educator 'Montessori' teaching program of learning, 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 affordable living and namely 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.

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.

2.2.3 Fiscal objectives

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 affordable living and housing maintenance programs underpin long term viability and satisfaction.

2.3 Business model

Macarthur's business model charts a course to own, develop and manage early learning and affordable living projects that provide specialised offerings to local communities.

Stable and recurring income streams assets

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

Building a portfolio of Social Infrastructure

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

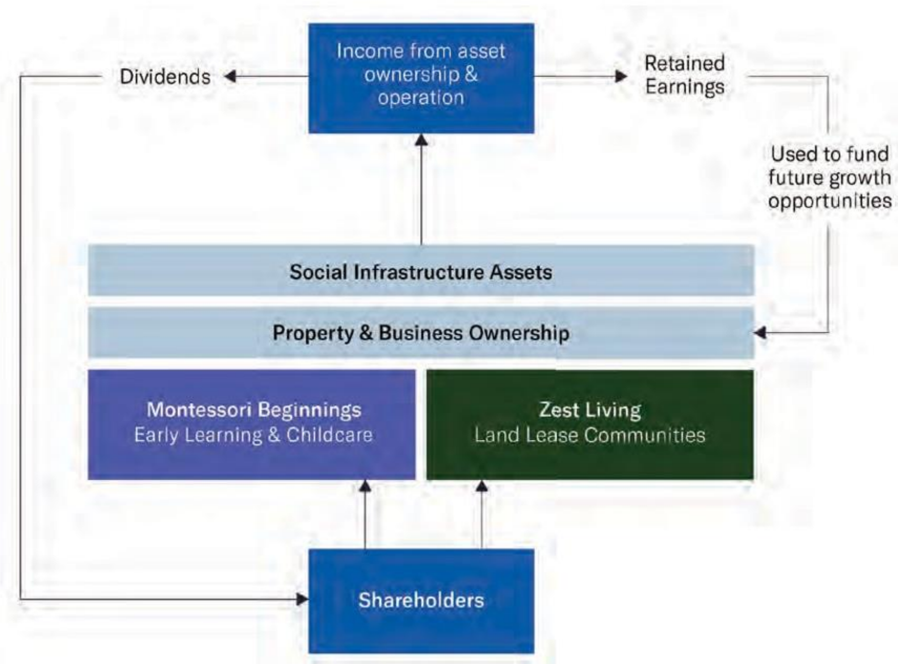


FIGURE 2.3 Macarthur National Business Model

2.3.1 Application of the business model

To maximise and to build intellectual know-how and provide risk mitigation, Macarthur manages 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.

The growth in Early Learning and Living business divisions are supported by an in-house Macarthur communications and marketing team along with a corporate support team based in Malaysia.

Due to the presence and experience of qualified leaders and 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 Montessori Beginnings service. 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.

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

To maintain focus on high value functions, Macarthur will outsource low risk and/or low volume specialised functions which the Company requires, for example share registry management and architectural services.

2.3.2 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 the affordable housing sectors.

2.3.3 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.

2.3.4 Intelligent learning

The first part of this planned differentiation in the Long Day Care sector is a commitment to the 'Montessori' philosophy children's program of learning tailor made for Australian long day care centres 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.

2.3.5 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 undertaken 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 business is described in detail under Section 2.4.2 in this Notice 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 date Macarthur has focussed 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.

2.3.6 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.

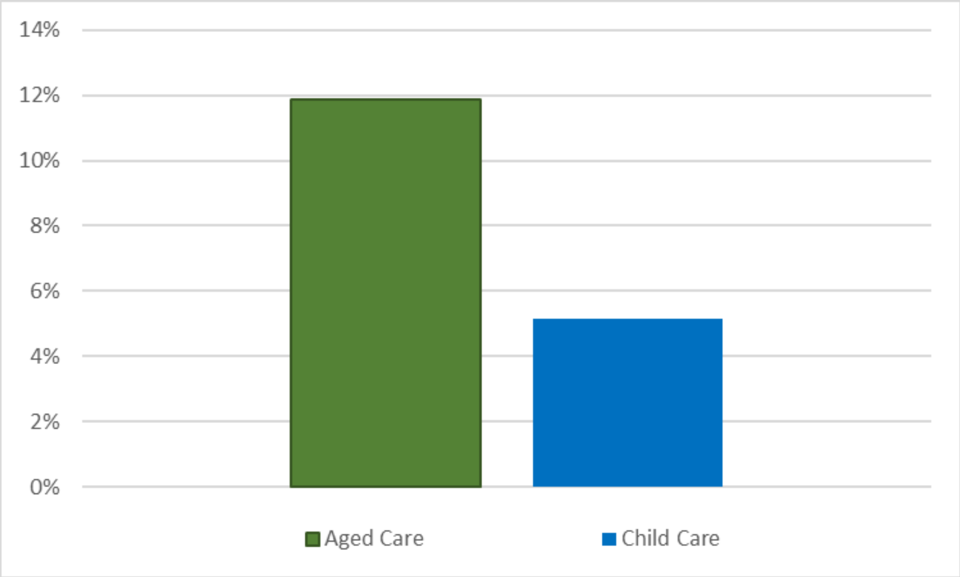


FIGURE 2.3.6 Government spending growth rate

Growth in government spending in the early childhood education and care industry is expected to increase at approximately 5% per year.

2.3.7 Strategic positioning of Macarthur's portfolio

The growth of Macarthur operational businesses is driven by three industry wide macro themes.

(a) **Population**

The growing population of children, coupled with an ageing demographic, is creating strong demand across Macarthur business sectors. This demographic shift is driving opportunities in areas such as education, healthcare, childcare, aged care, and family services—providing Macarthur with a strong foundation for long-term business growth and community development.

Montessori Beginnings

ZEST LIVING

The number of children under 4 in 2021 has grown to c3m compared to c2.5m in 2000.

This has been a function of population growth despite the decrease in the proportion of young children relative to the total population which is c11.8% in 2021 (c13.4% 2000).

(Source: Australian Bureau of Statistics)

Over the 20 years between 2000 and 2020, the proportion of the population aged 65 years and over increased from 12.4% to 16.3%. This group is projected to increase more rapidly over the next decade, as further cohorts of baby boomers (those born between the years 1946 and 1964) turn 65. By the end of the 2020 calendar year, ten of these birth-year cohorts will have reached age 65 and there are nine remaining.

(Source: Australian Bureau of Statistics)

(b) **Structural Growth**

Macarthur businesses, along with the broader early childhood and aged care sectors in Australia, are experiencing strong structural growth, driven by two significant socio-demographic trends.

Firstly, the increasing female workforce participation rate is heightening demand for high-quality, flexible early childhood education options. As more Australian women return to work after childbirth or pursue full-time careers, dual-income households are increasingly reliant on early learning centres that offer holistic, development-focused programs—qualities that are core to the Montessori model. This trend is further supported by government policies aimed at improving childcare affordability and accessibility, such as subsidies and funding reforms.

Secondly, there is an undersupply and growing need for affordable retirement living across the country. Australia's ageing population is expanding rapidly, with baby boomers entering retirement in large numbers. This is putting pressure on existing aged care infrastructure and creating opportunities for innovative, alternative models of aged care and retirement living in a community setting.

Montessori Beginnings

The 15-64 year old female labour force participation rates have increased from c62% in 1990 to 65% in 2020, and currently sit at 77% in 2024.

(Source: World Bank Group)

ZEST LIVING

The Australian Housing and Urban Research Institute (AHURI) estimates a shortage of affordable and appropriate housing for older Australians, particularly for the 1.2 million older renters in private and social housing. Only 5% of the over-65 population lives in retirement villages, compared to higher penetration rates in New Zealand (5.5%) and the U.S. (6%)

(Source: Australian Housing and Urban Research Institute)

(c) **Meeting Family Needs**

The increasing participation rate in Long Day Care (**LDC**) reflects a growing need for accessible and reliable childcare to support Australian families. This rise is largely driven by shifts in household dynamics, particularly the increasing participation of women in the workforce and the prevalence of dual-income households. As more parents return to work, especially in full-time or non-traditional hours, families require consistent, high-quality care that aligns with their schedules—needs that LDC services are specifically designed to meet. Additionally, government support through childcare subsidies has made LDC more attainable for many families, further fuelling demand and highlighting the sector’s critical role in supporting economic participation and early childhood development.

A significant number of retirement-aged Australians have insufficient superannuation savings to meet the Association of Superannuation Funds of Australia's (ASFA) "comfortable" retirement standard including housing.

Number of children attending Australian Government CCS approved child care services have increased by 20% between 2015-2024.

(Source: Australian Government Productivity Commission 2025 Report)

According to ASFA, the recommended superannuation balance at age 67 for a comfortable retirement is $595,000 for singles and $690,000 for couples, assuming retirees own their home and receive a part Age Pension however recent studies it has been found that on average the equity release is $259,000 upon sale of previous home creating a chronic shortage of affordable retirement living alternatives.

(Source: Association of Superannuation Funds of Australia)

2.3.8 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 the number of communities it owns, manages and operates.

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 property debt to total assets ratio not to exceed 60%. 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.

2.4 Macarthur brands

2.4.1 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.

(a) 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:

(i) an innovative, contemporary, dynamic curriculum;

(ii) strong partnerships with parents, families, and educators; and

(iii) a commitment to continuing the professional development of educators.

(b) Philosophy of Montessori Beginnings

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

(i) 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.

(ii) 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.

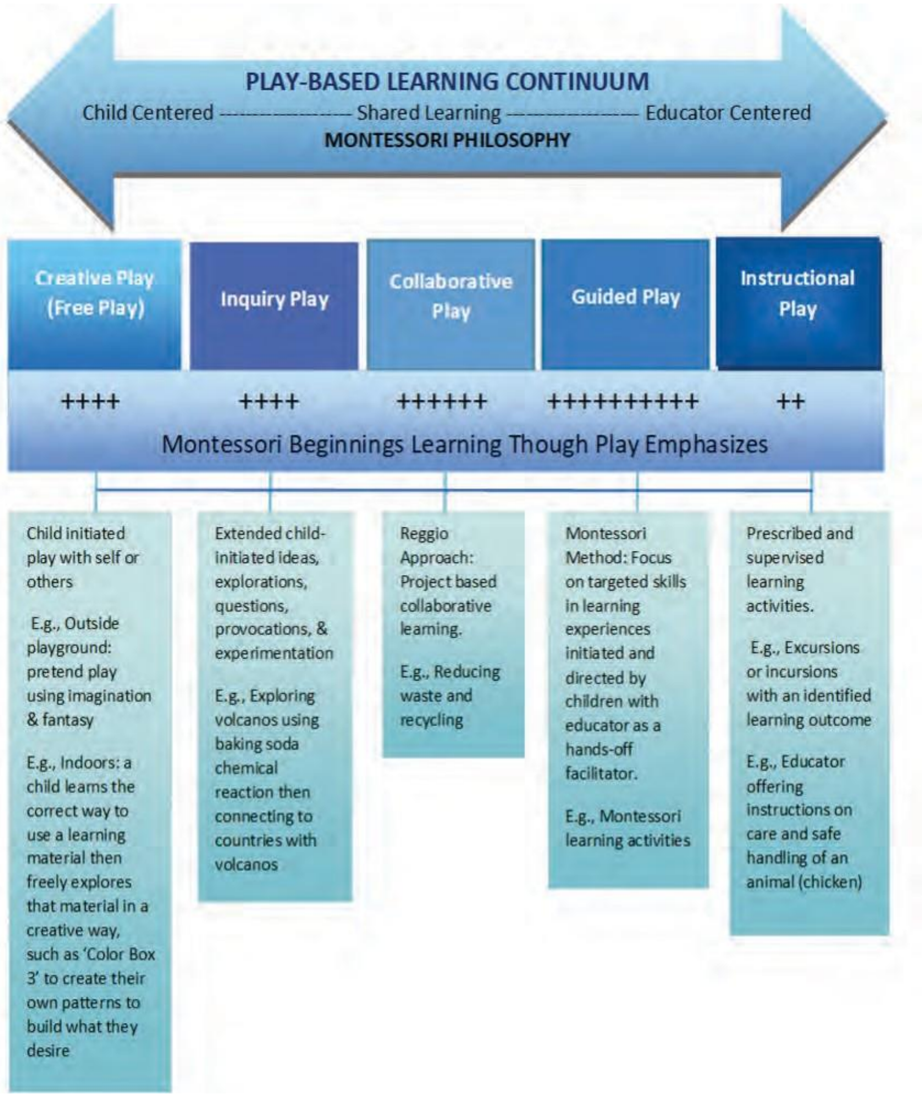
(iii) Another unique part of a Montessori environment is the formation of a community with a multi three-year age range within classrooms. This allows children to learn from each other in a non- competitive atmosphere and directly prepares the child for living in society.

(c) 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.

(d) 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.

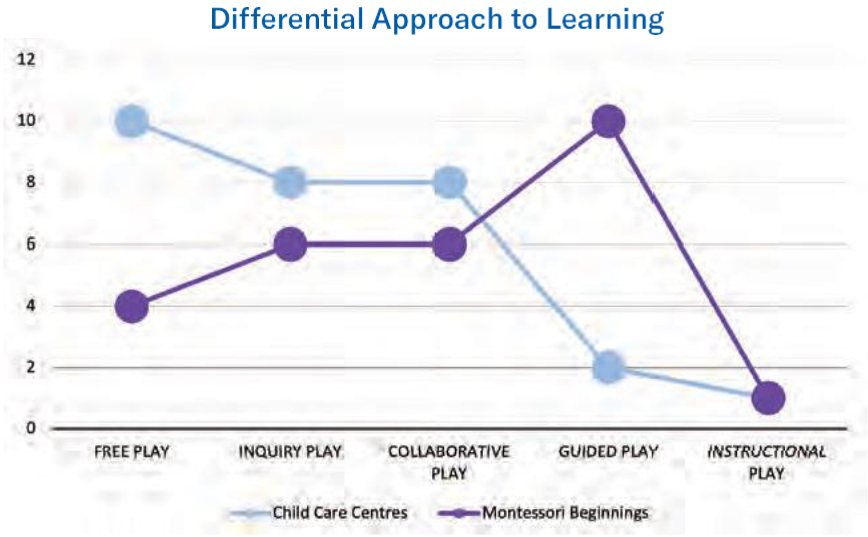


FIGURE 2.4.1(d) Learning though play emphasis Montessori Beginnings and traditional child care.

(e) 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.

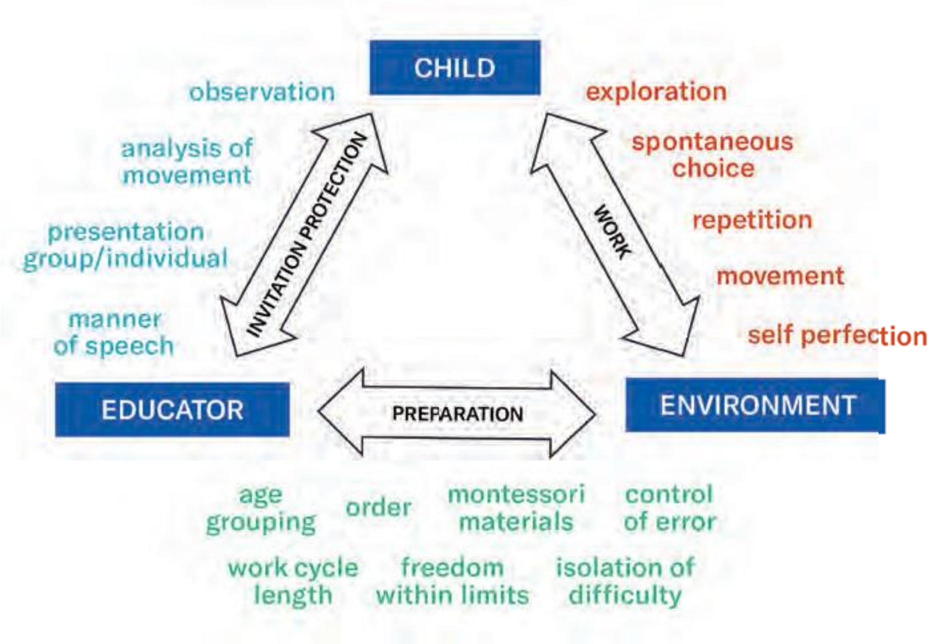
Because Macarthur offers a formal curriculum based on the education and scientific philosophies of Maria Montessori, the courses require access to a plethora of specifically designed Montessori learning materials and resources. For example, the materials required to teach the Cycle 1 (3-6 year) syllabus 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.

(f) 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.



2.4.1(f) 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.

(g) Geographic footprint

Macarthur's Montessori Beginnings business comprises of a head office located in Melbourne and ten operating Montessori Beginnings early childhood learning and day care centres, with a further two under construction and one in planning permit stage. Ten centres are in greater Melbourne and three in regional Victoria (see Section 3.2 for details). All centres are purpose built to support the quality education and care of children 6 weeks to 6 years.

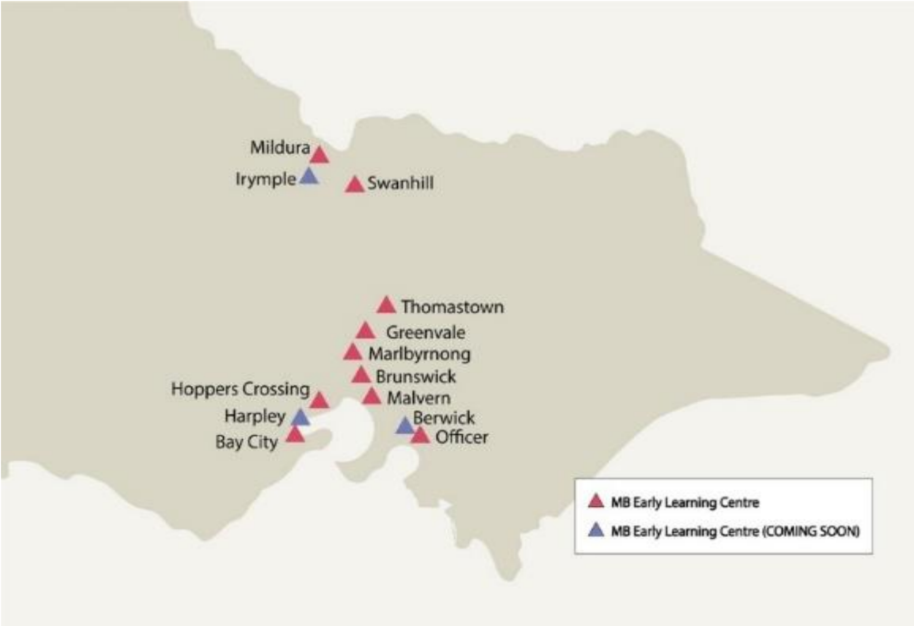


FIGURE 2.4.1(g) Geographic footprint

(h) Early learning development track record

The Macarthur management team is experienced in early learning property and business development having purchased property and managed the development of each of the Macarthur owned properties and their subsequent operation to the current portfolio of thirteen current and upcoming childcare centres in greater Melbourne and regional Victoria.

2.4.2 Zest Living

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:

(i) continued home ownership in the traditional manner of the physical dwelling occupied; and

(ii) lifestyle amenities providing a standard of living for residents either not previously available or beyond a person's financial capacity

(a) 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 Notice, Zest have completed construction of the Phase 1 civil works, clubhouse and seventeen homes.

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. 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.

(b) 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:

(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) 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.

(c) 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.

By 2020-2022 for persons born between 2020 and 2022 their life expectancy at birth had risen to 81.2 years for males and 85.3 years for females. Reasons for improvements in life expectancy include:

(i) improved health services;

(ii) safer working environments; and

(iii) medical and technological advances

By 2024, the proportion of the population aged 65 years had risen to 17.2%. 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 $48,971 in annual expenditure, and couples will need $67,714. This compares to the age pension of $1,149 per fortnight ($29,874 pa) for a person and $866 (each) per fortnight ($45,032 pa combined) 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.

(d) 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.

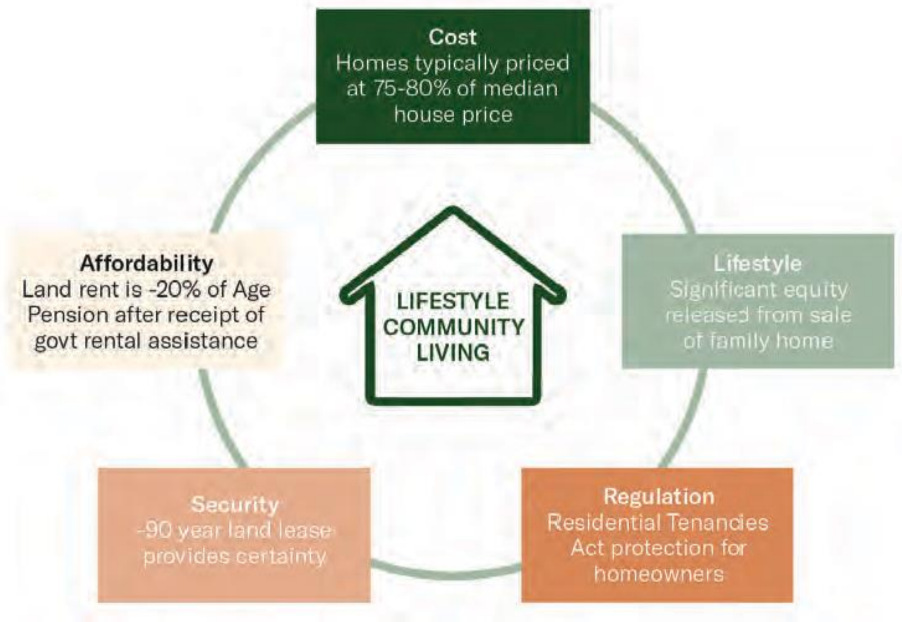


FIGURE 2.4.2(d) The Macarthur Land Lease Community rental model

(e) Zest Living operations

Macarthur (through its Living Division) will operate two distinct business units.

Development unit:

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

Operations unit:

Key activities to be undertaken will include:

(i) 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.

(ii) 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 its Living Division delivers quality service to residents in order to build confidence in the its brands and the long term success of each individual community.

(iii) Operating cost control: efficient and effective community operations is an integral part of managing a residential community.

(f) 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.

3 PORTFOLIO OVERVIEW

3.1 Macarthur social infrastructure portfolio introduction

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

(a) Early Learning Division: 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.

(b) Living Division: provision of affordable living in residential communities including a focus 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 is actively involved in 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	✓	✓

3.2 Macarthur social infrastructure portfolio summary metrics

As at April 2025 Macarthur's portfolio consists of 10 Long Day Care centre businesses operating under the Montessori Beginnings brand, and 8 owned, partially owned or contracted property assets. Of the 8 owned or partially owned property assets 4 are operating (one under lease by a third party), while another 2 Long Day Care centre development sites are scheduled to complete construction in FY25/FY26 (i.e. the Irymple and Harpley Properties), and permit is being sought for another development site (the Berwick Property).

As noted earlier, Macarthur also owns the Yarrawonga Property (on which the Yarrawonga Project is being constructed) and has contracted to acquire the Fyansford Property both of which operate within Macarthur's Living Division providing affordable living solutions to communities.

During 2025 the number of Long Day Care businesses operated by Macarthur is scheduled to increase to 11 upon completion of the development of the Irymple Property.

Asset	Classification	MNL business ownership	MNL property ownership	Location	Status at May-25	Time of acquisition
1. Malvern						
The Malvern Property MB Malvern	Early Learning Division	100%	80%	Metro	Operating	n/a
2. Greenvale						
The Greenvale Property MB Greenvale	Early Learning Division	100%	0%	Metro	Operating	n/a
3. Maribyrnong						
MB Maribyrnong The Maribyrnong Property	Early Learning Division	100%	80%	Metro	Operating	n/a
4. Officer						
MB Officer The Officer Property	Early Learning Division	100%	24%	Metro	Operating	n/a
5. Truganina						
The Truganina Property	Early Learning Division	0%	24%	Metro	Operating	n/a
6. Thomastown						
MB Thomastown	Early Learning Division	100%	0%	Metro	Operating	n/a
7. Hoppers Crossing						
MB Hoppers Crossing	Early Learning Division	100%	0%	Metro	Operating	n/a
8. Mildura						
MB Mildura	Early Learning Division	100%	0%	Regional	Operating	n/a
9. Swan Hill						
MB Swan Hill The Swan Hill Property	Early Learning Division	100%	0%	Regional	Operating	n/a
10. Geelong						
Bay City Early Learning Centre - Geelong	Early Learning Division	100%	0%	Metro	Operating	n/a.

12. Irymple						
The Irymple Property	Early Learning Division	100%	80%	Regional	Development	n/a
MB Irymple						
13. Brunswick						
MB Brunswick	Early Learning Division	100%	0%	Metro	Operating	n/a
14. Zest Living – Yarrawonga						
Zest Living Co and Zest Living Co Development	Living Division	100%	100%	Regional	Development	n/a
15. Zest Living – Fyansford						
Zest Living Fyansford	Living Division	0%	0%	Regional	Planning	Macarthur has entered into a contract to acquire the property. See paragraph 3.2.1 for further details.
16. Head Office						
The Head Office Property	Head office	n/a	80%	Metro	Operating	Already acquired.
17. Swan Hill						
1 Cobham Avenue, Swan Hill, Victoria 3585	Living Division	100%	100%	Regional	Operating	Macarthur has entered into a contract to sell the property. See paragraph 3.2.2. for further details.
18. Swan Hill						
61A Rutheford Street, Swan Hill, Victoria 3585	Living Division	100%	100%	Regional	Development	n/a
19. Harpley						
1 Burnage Road, Werribee, Victoria 3030	Early Learning Division	100%	24%	Metro	Development	n/a
20. Berwick						
14S Liara Boulevard, Berwick, Victoria 3806	Early Learning Division	n/a	24%	Metro	Development	n/a

3.2.1 Zest Living Fyansford

(a) The contract of sale for the property known as 110 – 120 De Goldis Road, Fyansford, Victoria 3218 between Pante Family Developments Pty Ltd ACN 627 194 781 (as vendor) and MNL Operations Pty Ltd ACN 645 990 932 (as purchaser) dated 10 January 2022 as varied by;

(i) the first (undated) Deed of Variation of Contract; and

(ii) the second Deed of Variation of Contract dated 31 October 2024

(collectively, the **Fyansford Contract**)

(b) This contract has the following material key terms:

(i) The land comprising the property sold under the Fyansford Contract is contained on certificates of title volume 1737 folio 301 & volume 1737 folio 302.

(ii) The purchase price is $6,500,000.00.

(iii) The deposit is $1,000,000.00.

(iv) Settlement is due to occur on the earlier of (i) 22 June 2026 or (ii) 60 days of obtaining the "Purchaser Approvals". As at the date of this Notice of Meeting, such approvals are yet to be obtained by MNL Operations Pty Ltd.

(v) The Fyansford Contract is currently unconditional (the original termination right in favour of MNL Operations Pty Ltd (as purchaser) has expired).

(vi) MNL Operations Pty Ltd paid a non-refundable extension fee of $500,000.00 (inclusive of GST). This extension fee is the property of the vendor and will not be treated as a deduction to the balance of the purchase price due at settlement.

3.2.2 1 Cobham Avenue, Swan Hill, Victoria 3585

(a) The contract of sale for the property known as 1 Cobham Avenue, Swan Hill, Victoria 3585 between Clifstone Pty Ltd ACN 636 976 451 as trustee for the Mobera Living Trust ABN 99 347 009 135 (as vendor) and Digby Kenneth Vial (as purchaser) is dated 15 May 2025.

(b) This contract has the following material key terms:

(i) The land comprising the property sold under the contract is contained on certificate of title volume 8444 folio 992.

(ii) The purchase price is $485,000.

(iii) The deposit is $48,500.

(iv) Settlement is due within 45 days of 15 May 2025.

4 KEY PEOPLE, INTERESTS AND BENEFITS

4.1 Board of Directors and key management

The Directors and key management of the Company as at the date of this Notice, 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 38 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 41 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.
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 38 years. He possesses a broad range of expertise across many industries, including private equity, property, financing, and renewable energy. He has consistently engaged with

Director	Experience and background
	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 23 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.

4.2 Director and key management disclosures

4.2.1 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.

4.3 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

4.4 Directors' deeds of indemnity, insurance and access

Macarthur has entered into deeds of access, indemnity and insurance with each of its directors on usual market terms.

4.5 Directors' security holdings

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

As part of the Acquisition, entities related to Mr Henry Townsing Sr will receive certain Consideration Shares. The number of Shares to be issued to Henry Townsing Sr and his related parties are explained in Section 4.6 and 6.4.1 of this Notice.

Parties with Relevant Interest and Voting Power[1]	Number of Shares held as at the date of Notice	Number of Shares to be issued under the Acquisition	Number of Shares held following completion of the Vendor Offer	Maximum Voting Power (%)
Dr Leslie Fitzgerald[2]	450,000	Nil	450,000	0.20%
Dennis Wilkie	25,160	Nil	25,160	0.01%
Mr Henry Townsing Sr	68,357,879	44,983,333	113,341,212	50.38%
TOTAL	**68,833,039**	**44,983,333**	**113,816,372**	**50.59%**

Notes:

[1] With regards to the voting power of each related party, this assumes the Company:

(a) will have on issue 224,994,687 Shares as at completion.

(b) does not issue any Shares or Options, other than as contemplated by this Notice; and

(c) issues the maximum number of Shares under the Vendor Offer being 44,983,333.

[2] Includes shares held by Lynette Fitzgerald, Dr Fitzgerald's wife.

4.6 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 4.3 and 4.4 of this Notice, the Company (and/or its Subsidiaries) has also entered into a number of related party arrangements with its Directors (or related parties of the Directors) set out in Section 4.9.

(b) Henry Townsing Sr

Set out in Section 6.4.1 are (i) the related parties of Henry Townsing Sr that have or will receive financial benefits arising from the Acquisition, as well as the financial benefits that Henry Townsing Sr has or will receive; and (ii) the nature of the financial benefit.

(c) Henry Townsing Jr

Henry Townsing Jr is the CEO of the Company. His total remuneration package (excluding the Performance Options to be issued under the LTIP, as described below) will be $390,682 per annum. In addition to his annual salary and entitlements under the LTIP, Macarthur may provide short term bonuses to Henry Townsing Jr periodically based on performance.

Henry Townsing Jr's employment agreement includes:

(i) provisions protecting the Company's confidential information and intellectual property; and

(ii) 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:

(iii) 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

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

(d) 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:

(i) 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**);

(ii) 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;

(iii) 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

(iv) 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.

(e) 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 centre businesses[1]

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

(f) 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 Loan is subject to the following terms (among others):

(i) the Performance Options will not accrue interest;

(ii) 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;

(iii) the period of the Performance Options commences on the date that the loan is advanced to Henry Townsing Jr and ends on:

- the date on which Henry Townsing Jr ceases to be an employee or officer of the Company;

- a buy-back of the Loan Shares in accordance with the terms of the LTIP;

- the failure to satisfy any Milestones applicable to the Loan Shares;

- 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;

- 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

- 5 years after the Loan Shares are issued to Henry Townsing Jr,

whichever occurs earlier.

(iv) as security for the granting of the Performance Options Loan, Henry Townsing Jr grants to the Company:

- a pledge of its Loan Shares; and

- 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 4.6(f)).

4.7 Member approvals

In relation to all of the related party transactions referred to above or elsewhere in this Notice, 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.

4.8 Other information about interests and benefits of Directors and key personnel

4.8.1 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.

4.8.2 LTIP

(a) 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**).

(b) Key terms

(i) Employee Rights

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

- **performance rights**: a right to be issued or provided with a Share at nil issue price on specific vesting conditions being achieved.
- **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.
- **loan shares**: Shares issued subject to a limited recourse loan and at nil interest rate, subject to specific vesting conditions;
- **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
- **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.

(ii) Eligible employees

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

(iii) Price

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

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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).

4.9 Other Related Party agreements

4.9.1 Acquisition Agreement

Refer to section 6.4.1 for further information.

4.9.2 Convertible Note

The Company entered a Convertible Note Deed Poll (**CN DP**) with Barkly II Custodians Projects Pty Ltd atf Barkly II Greenvale CC Unit Trust on 11 July 2024 to issue 35,000 convertible notes in the Company on the following key terms:

- (**Interest**) interest accrues at a rate of 8.0% per annum;
- (**Issue Date**) 18 July 2024;
- (**Maturity Date**) maturity date of 30 June 2027;
- (**Face Value**) each note will have a face value of $100; and
- (**Conversion Price**) $0.32, subject to an Anti-dilution Mechanism.
- (**Anti-dilution Mechanism**) If the Company issues shares at a price below $0.25, for every $0.01 that is below $0.25, the Conversion Price ($0.32) will be adjusted and reduced by $0.01.

It is noted that the price under the Vendor Offer is below $0.25. If the Proposed Transaction completes prior to the repayment of the amount owing under the CN DP, the Conversion Price of the relevant convertible notes will be adjusted in accordance with the Anti-dilution Mechanism to $0.31.

4.9.3 Other related party transactions

The Company advises that it has entered into the following related party transactions, which were previously approved by shareholders at the 2024 annual general meeting:

(a) Entry into the Ugenius services agreement (Ugenius Pty Ltd ACN 659 694 792 is wholly owned by CVC Venture Managers Pty Ltd ACN 606 868 017 (**CVCV**) and CVCV is wholly owned by entities associated with Henry Townsing Sr and Leslie Fitzgerald is the CEO of Ugenius); and

(b) Entry into a licence and service agreement with Capacion Pty Ltd ACN 606 171 028 (trading as Property Shell) (**Property Shell**). Property Shell is wholly owned by entities associated with Henry Townsing Sr.

An agreement has not yet been entered into between the Group and Lighthouse Power, although members approved the related party transaction.

It is also noted that a further related party transaction was entered into by the Group pursuant to the arm's length exception in section 210 of the Corporations Act in relation to the 'Head Office'. Land Real Pty Ltd is the tenant, and KDA Commercial Pty Ltd is the owner of the property located at 2401 & 2402, 68-70 Dorcas Street, Southbank 3006. KDA Commercial Pty Ltd and Land Real Pty Ltd are entities associated with Henry Townsing Snr. Land Real Pty Ltd permits Macarthur and its subsidiaries use a portion of this property as an office. Under the relevant license agreement between Macarthur and Land Real Pty Ltd dated 23 October 2024, Macarthur agreed to pay a licence fee ($6,121.35 inclusive of GST per month) to Land Real Pty Ltd to occupy the Dorcas St Head Office together with enjoyment of equipment, furniture and amenities. This arrangement commenced on 1 November 2024 and will automatically be renewed annually on 1 January, unless terminated by either party, by giving three months' notice.

5 MATERIAL RISKS OF THE PROPOSED TRANSACTION

The following is a list of non-exclusive risks associated with the Proposed Transaction. It should be noted that this list does not represent all risk associated with an investment in the Company, it is limited to the material risks associated with the Proposed Transaction but also does not set out all risk associated with the Proposed Transaction.

5.1 Specific Risks - Proposed Transaction

5.1.1 Real estate market risk

In relation to the Stephenson Property, asset value and earnings are subject to real estate market conditions – this is particularly important given that the latest proposed completion date for the Acquisition is 15 February 2027.

Increases in supply or falls in demand in any of the sectors of the real estate market in which the Group operates could influence the acquisition of further sites, the timing of completion of and development of the Stephenson Property, the value of project and any income producing asset, as well as earnings. Alternatively, any downturn in the real estate markets due to deterioration in the economic climate could also result in reduced asset values and earnings in relation to the Stephenson Property.

Changes in market conditions for properties, including vacancy rates, incentive levels and rental rates may impact on any revenue or proceeds received from the Stephenson Property.

Specific factors which might impact on the Stephenson Property's value and future earnings including the following:

(a) environmental issues;

(b) changes to government regulations relating to real estate (or relating to the land lease community housing industries specifically);

(c) any failure to deliver on or to effectively execute the business strategy or a failure to redefine the strategy to meet changing market conditions;

(d) an increase in capitalisation rates considered appropriate by professional valuers in response to changed market conditions;

(e) changes in the conditions of town planning consents applicable to the Stephenson Property project as a consequence of the unpredictable nature of council policies;

(f) variances in the cost of development as a consequence of the imposition of levies by state and local government agencies;

(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.

5.1.2 Insurance risk

The Company understands that the Stephenson Property is subject to insurance in accordance with industry practice to insure against the risks it considers appropriate, no assurance can be given as to their 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 those businesses.

5.1.3 Regulatory risk - Land lease communities sector

As detailed in Section 2.4.2 of this Explanatory Statement, Zest Living (the business the subject of the Zest Living Acquisition), is developing a land lease community site in Yarrawonga, Victoria. The operation of land lease communities is principally governed by the *Residential Tenancies Act 1997* (Vic) (**RTA**).

In particular, the residential site agreements to be entered into by Zest Living and the residents of the Yarrawonga Property (and if applicable Stephenson Property) will be subject to Part 4A the RTA. Part 4A of the RTA governs the operation and management of land lease communities, including:

(a) the terms that can be included in residential site agreements (for example, the Victorian Civil and Administrative Tribunal can declare clauses in a site agreement invalid or vary such terms if they determine that a clause is harsh, unconscionable or inequitable);

(b) the holding of bonds as security deposits;

(c) restrictions on obtaining guarantees from owners (a guarantee must not be taken where the owner has paid a bond); and

(d) restrictions on charging rent (for example, a site owner must not increase the rent payable by a site tenant at intervals of less than 6 months).

Any failure to comply with the provisions of the RTA could impact on Zest Living's (and in turn, Macarthur's) earnings, financial position, reputation and/or growth strategy. Additionally, any significant changes to the provisions of the RTA could have similar effects on Zest Living's business.

The provision of land and community services at the Yarrawonga Property, Stephenson Property, and any further land lease communities developed and operated by Zest Living, are also likely to be governed by the *Retirement Villages Act 1986 (Vic)* (**RVA**) 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). In the case of the RVA in Victoria, a contravention of this legislation may result in various adverse consequences, including but not limited to fines of up to $39,518 per contravention, the need for Zest Living to devote time and other resources into dispute resolution proceedings, as well as damage to Zest Living's reputation.

Additionally, while Macarthur's management has extensive experience in real estate property management and development, it is relatively inexperienced in operating land lease community housing businesses. Consequently, operating the Zest Living business may present unexpected challenges.

5.1.4 Competition risk - Land lease communities

As noted above, 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. Competition from other land lease community providers could impact Zest Living's business (including but not limited to its profitability, earnings and growth strategy).

5.1.5 Taxation risk

The Proposed Transaction may have a tax impact on the Company, including for example with respect to the recognition of deferred tax liabilities and/or the Company's ability to use any available tax relief.

5.1.6 Ownership and governance risk

As at the date of this Notice, Macarthur has not conducted detailed formal due diligence on:

(a) the Vendor, including evidence of ownership (such as share certificates) confirming that the Vendor who is a party to the Acquisition own the interests that they propose to sell; and/or

(b) the corporate records (such as members' and directors' registers, and minutes of meeting for directors and members) of the Vendor.

Accordingly, there is a risk that:

(c) the Vendor does not have sufficient proof of ownership of the asset it is purporting to sell; and/or

(d) there are unknown issues in relation to the asset itself, such as environmental or planning issues.

Macarthur intends to undertake the necessary due diligence as a precondition to execution of the Acquisition Agreement. Additionally, to mitigate any related risks, Macarthur will seek that, to the extent it is practicable, any related issues are rectified prior to completion. Macarthur will also seek (i) warranties from the Vendor that each has good title to the interests being sold, and standard warranties in relation to the status of condition of the Stephenson Property; and if possible (ii) corresponding indemnities. It should be noted that in circumstances where the purchaser makes a claim under an indemnity, there is a risk that the purchaser will not be able to recover the claimed amount - for example, if the Vendor does not have sufficient assets to satisfy the amount of the claim.

5.1.7 Change of control

Macarthur and its subsidiaries are parties to a number of agreements which contain various forms of change of control provisions. These agreements include numerous standard form finance/facility agreements with a number of lenders, and lease agreements on usual market terms.

If the Proposed Transaction completes and the maximum number of Consideration Shares are issued, it is expected that Henry Townsing Sr's voting power in the Company would increase from 37.97% up to approximately 50.38% (assuming no further securities are issued in the intervening period). The increase of Henry Townsing Sr's voting power to 50.38% may be in breach of one or more of these change of control provisions. Generally speaking, if a change of control provision is triggered without the prior approval/consent of the counterparty, the first party would be in breach of the agreement, which unless remedied would entitle the counterparty to enforce its rights under the relevant agreement. Generally speaking, change of control provisions in lease agreements will allow the aggrieved party to terminate the agreement. Generally speaking, change of control provisions in finance/facility agreements may allow the counterparty to terminate the agreement which would result in all outstanding amounts becoming due and payable. Macarthur considers that the likelihood of any change of control provision being breached is very low, namely because under the Acquisition Agreement, Macarthur has the sole ability to determine the timing of completion and the number of shares that may be issued to the Vendors. This would allow Macarthur to either obtain the relevant consents or ensure that completion of the Proposed Transaction does not result in a breach of any material agreements containing a change of control provision.

5.1.8 Further Shareholder Dilution

The Proposed Transaction has a dilutionary effect on non-participating Shareholders. The Company is currently expected to have sufficient working capital to fund its near-term business operations but may need additional capital to meet its goals, including to develop the assets acquired under the Proposed Transaction.

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

5.2 Business objectives and proposed strategy

As members will be aware, Macarthur was, until 12 June 2019 a fully owned subsidiary of Vita Life Sciences Limited ACN 003 190 421 (**VLS**), a company listed on the ASX. VLS' members passed a resolution to affect an equal reduction of capital, which was undertaken by way of an in specie distribution of shares in Macarthur to participating shareholders of VLS (the **Spin Off**). As a result of the Spin Off, the Company ceased to be a subsidiary of VLS.

In accordance with its stated objectives at the time of the Spin Off (as approved by Macarthur's shareholders at the time), Macarthur's central objective is to build a portfolio of social infrastructure assets. The intention is that these assets will be underpinned by property ownership, which will generate revenue for Macarthur.

Macarthur also intends to invest in the operating businesses that operate from the properties owned by Macarthur or interests associated with Macarthur. Such investments will provide additional revenue streams for Macarthur.

The Proposed Transaction is in line with this strategy. It is the intention of the Company to utilise, in full or in part, the net income generated from the Acquisition to grow Macarthur's operations. Macarthur will determine the exact manner in which it will deploy the Stephenson Property in due course.

6 RESOLUTIONS

RESOLUTION 1 – ISSUE OF CONSIDERATION SHARES

6.1 Background

Subject to the passing of all Transaction-related Resolutions, this Resolution is an ordinary resolution which seeks the approval for the issue of up to 44,983,333 New Shares to the Vendor (or their nominees) under the Vendor Offer as consideration under the Acquisition for the purposes of Section 611 (item 7) of the Corporations Act.

Following completion of the Proposed Transaction, and the issue of the Consideration Shares, the voting power of the Vendor will increase to approximately 20% (assuming the maximum number of Consideration Shares are issues). Specifically, the voting power of Henry Townsing Sr will increase to approximately 50.38% (assuming the maximum number of Consideration Shares are issues). Set out in Schedule 1, is an overview of the Henry Townsing Sr's voting power in the Company.

Accordingly, this Resolution seeks Shareholder approval for the purposes of Section 611 (item 7) of the Corporations Act and all other purposes to enable the Company to issue the Consideration Shares to the Vendor.

6.2 Section 611 (item 7) of the Corporations Act

Section 606 of the Corporations Act – Statutory Prohibition

Section 606 of the Corporations Act prohibits the acquisition by a person of voting shares in a public company where, because of the acquisition, that person's (or someone else's) voting power in the company:

(a) increases from 20% or below to more than 20%; or

(b) increases from a starting point that is above 20% and below 90%,

unless a specific exemption applies.

Voting Power

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:

(a) are the holder of the securities;

(b) have power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) 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:

(a) a body corporate in which the person's voting power is above 20% (section 608(3)(a)); or

(b) a body corporate that the person controls (section 608(3)(b)).

Shareholders should note that, for the purposes of this Resolution, the Company has taken the conservative approach of assuming that the Vendor is an "associate" for the purposes of Section 606 of the Corporation Act.

Accordingly, the aggregate voting power of the Vendor and their related parties will be combined in order to determine their increase in voting power under Section 606 of the Corporation 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.

6.3 Relevant interest and voting power

The information set out in the table at Schedule 1 of this Explanatory Statement is provided for the purpose of this Resolution.

The percentage increase in voting power of the Related Parties as calculated in Schedule 1 is calculated pursuant to the following assumptions:

(a) Following the Proposed Transaction, there will be between 208,328,021 and 224,994,687 Shares on issue in Macarthur, comprising the 180,011,354 Shares on issue prior to the Proposed Transaction, and 28,316,667 to 44,983,333 Consideration Shares issued under the Vendor Offer (whereby the range of Consideration Shares is contingent on the ability of the Company to raise capital before settlement).

(b) As at the date of this notice, Henry Townsing Sr has a voting power of approximately 37.97% which includes the holdings of his associates.

(c) The Company will not issue any Shares or other securities, other than as contemplated by this Notice prior to completion of the Proposed Transaction.

6.4 Additional information for Shareholders

The Company provides the following information in relation to the Acquisition in accordance with section 611 (item 7) of the Corporations Act.

6.4.1 Acquisition Agreement

Zest Living Australia Pty Ltd, a wholly owned subsidiary of the Company proposes to enter into a contract of sale (**Acquisition Agreement**), whereby it will acquire the Stephenson Property held by Newport Apartments Vic Pty Ltd (ie the Vendor) for a purchase price of $19.6 million. It is noted that Charter Keck Cramer has valued the property at $23.0 million on 3 March 2025 and the purchase price of $19.6 million is a discount to the valuation.

The Acquisition Agreement shall include a requirement for the payment of a non-refundable deposit of $500,000 to be paid in cash on signing of the Acquisition Agreement. The latest settlement date under the agreement is 15 February 2027, but settlement may be brought forward at the sole election of Macarthur.

The purchase price under the Acquisition Agreement will be paid by way of cash and shares; between 28,316,667 and 44,983,333 Consideration Shares at an agreed price of $0.24 per Share (to be issued), with the balance (less the deposit) payable in cash.

This Stephenson Property purchase price is $19.6 million, a break downs of the scrip versus cash consideration is set out in the table below:

	Minimum Consideration Shares	Maximum Consideration Shares
Consideration Shares at $0.24 per Share	$6,796,000 (28,316,667 Consideration Shares x $0.24)	$10,796,000 (44,983,333 Consideration Shares x $0.24)
(+) Cash	$12,804,000 (Deposit $500,000 & Settlement $12,304,000)	$8,804,000 (Deposit $500,000 & Settlement $8,304,000)
= Stephenson Property purchase price	$19,600,00	$19,600,000

The number of Consideration Shares to be issued at settlement is at the absolute discretion of Macarthur subject to the maximum / minimum parameters set out above.

In addition to the purchase price, Macarthur will also agree to pay for all other transaction costs of the Vendor associated with the Stephenson Property, which the Company will pay to the Vendor cash.

Further, the parties will agree that Macarthur will have full and unfettered access to the Stephenson Property on and from 1 July 2025 subject to the execution of the Acquisition Agreement, including to undertake any development works and obtain any consents and/or authorisations that Macarthur may see fit. In this regard, Macarthur has also agreed that it will be responsible for and reimburse the Vendor for all property maintenance costs of the Vendor associated with Stephenson Property, including but not limited to financing, service, insurance and maintenance costs including any rates, fees or taxes which may be payable from time to time by the Vendor on and from 1 July 2025. While the quantum of such costs are not clear, they are estimated to be approximately $200,000 per quarter.

Entry into the Acquisition Agreement is subject to Shareholder approval being obtained in this Meeting.

6.4.2 Intentions

Other than as disclosed elsewhere in this Explanatory Statement, the Company (nor its associates):

(a) have any present intention to transfer any property the subject of the Acquisition between the Group, or any of those parties' associates; and

(b) have any present intention to change its existing policies in relation to financial matters or dividends (in a way that would likely affect the Stephenson Property).

6.4.3 Details about any person who is intended to become a director if members approve the Acquisition

Not applicable.

6.4.4 Details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition

Not applicable.

6.4.5 Material risks

See Section 5 of this Explanatory Statement.

6.4.6 Reasons for undertaking the Acquisition

See Section 1.6 of this Explanatory Statement for details.

6.5 Recommendation

Other than Henry Townsing Sr, no Director has any interest in the outcomes of this Resolution. On that basis, each of the Directors that have no interest in the outcomes of this Resolution recommends that Shareholders vote in favour of this Resolution as it is on reasonable terms and for the reasons specified above.

RESOLUTION 2 – APPROVAL OF HENRY TOWNSING SR AND HIS RELATED PARTIES TO PARTICIPATE IN THE PROPOSED TRANSACTION

6.6 Background

Resolution 2 is an ordinary resolution seeking approval for the participation of Henry Townsing Sr and his related parties (as identified in Schedule 2) in the Proposed Transaction.

If Resolution 2 is passed, following the Proposed Transaction, Henry Townsing Sr's voting power in the Company may increase from 37.97% up to approximately 50.38%. Further, the deposit payable under the Acquisition Agreement will be paid, as well as reimbursements for costs associated with the Stephenson Property.

The Vendor is a related party due to Henry Townsing Sr being a director of that company as well as a majority shareholder and will receive a benefit from the Proposed Transaction which is summarised in more detail in Section 6.4 of this Explanatory Statement, specifically 6.4.1 which outlines the benefits. Additional information in relation to the Vendor is set out in Schedule 2.

6.7 Why approval is being sought under Chapter 2E of the Corporations Act

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit (directly or indirectly) to a related party without the approval of the public company’s members in the manner set out in Sections 217 to 227 of the Corporations Act and must give the benefit within 15 months of such approval.

In each case, the participation by each of the entities listed in Section 6.4.1 in the Proposed Transaction constitutes the giving of a financial benefit for the purpose of section 208 of the Corporations Act (which includes all payments contemplated under the Acquisition Agreement).

6.8 Alternative options to undertaking the Proposed Transaction

As set out in Section 5.2 of this Explanatory Statement, in accordance with its stated objectives at the time of VLS' Spin Off of Macarthur, Macarthur's strategy is to acquire a portfolio of Australian- based business with parallels to those businesses in the family wellness industry. This strategy was approved by VLS shareholders who are now Macarthur shareholders.

At present, Macarthur's net assets total $33.8 million. The assets the subject of the Acquisition comprise, in total has been valued at approximately $23.0 million of social infrastructure assets. It is intended that Macarthur will seek to undertake an ASX listing in due course. Accordingly, the Proposed Transaction is in line with Macarthur's previously stated strategy

The Vendor of the assets the subject of the Acquisition are willing to accept New Shares as consideration. Macarthur's management is of the view that, were Macarthur to procure similar assets from arm's length third parties, it is unlikely that those third parties would accept New Shares in Macarthur as consideration, and Macarthur is not aware of any such opportunities.

6.9 Additional information for Shareholders

As summarised in Section 1.10 of this Explanatory Statement, all of the Shares issued under the Proposed Transaction will be issued at $0.24 per Share and will be issued contemporaneously with completion of the Acquisition.

6.10 Recommendation

Other than Henry Townsing Sr, no Director has any interest in the outcomes of this Resolution. On that basis, each of the Directors that have no interest in the outcomes of this Resolution recommends that Shareholders vote in favour of this Resolution as it is on reasonable terms and for the reasons specified above.

RESOLUTION 3 – ADOPTION OF EMPLOYEE SHARE PLANS

6.11 Background

Shareholder approval is being sought by the Company for each of the entities below to adopt an employee share plan on the terms set out below (each herein referred to as a/the **Plan**). Accordingly, each of the following companies propose to adopt a Plan on terms described further below:

- *Montessori Beginnings Melbourne West Pty Ltd ACN 675 805 955; and*
- *Montessori Beginnings North Victoria Pty Ltd ACN 673 614 965,*

(each an **MB Entity**).

The purpose of each Plan will be to incentivise key management staff in the relevant MB Entity to reach objective key results that allow that MB Entity to grow and mature within the Group.

As at the date of this notice, it is intended to issue select key management staff with shares equating to 10% to 15% of the shares in their associated MB Entity (to be issued at an agreed market rate), which is to be funded via a loan from the MB Entity to the participant (an interest bearing, limited recourse loan), and otherwise subject to such terms and conditions deemed appropriate by the board of each MB Entity.

Exemption for financial assistance

Entry into a loan with a participant may amount to financial assistance for the purpose of section 260a of the Corporations Act.

Under section 260A of the Corporations Act a company may financially assist a person to acquire shares in that company or a holding company of that company only if:

(i) giving the assistance does not materially prejudice:

  (A) the interests of the company or its shareholders; or

  (B) the company’s ability to pay its creditors; or

(ii) the assistance is approved by shareholders under section 260B of the Corporations Act, or

(iii) the assistance is exempted under section 260C of the Corporations Act.

Section 260C(4) of the Corporations Act provides an exemption to financial assistance, if the financial assistance is given under an employee share scheme approved at a meeting of shareholders of the company and of its holding company. The purpose of this resolution is to satisfy this requirement of the Corporations Act (specifically that the employee share scheme is approved by the shareholders of its holding company) – ie section 260(C)(4).

A summary of the key terms of a Plan is set out below, and a copy of the rules of the Plan is available upon request from the Company.

Term	Description
Administration	The Plan will be administered by the board of the relevant company (**Board**).
Eligibility	The Board may grant awards under the Plan to employee of, consultant to, or a Director or any member of, the company and includes any of their nominee(s) (**Eligible Employees**).
Plan limit	The limit on the number of shares to be issued under the Plan is 19.99% of the total Shares on issue.
Awards	The Plan allows the company to issue shares and to provide loans to Eligible Employees to acquire shares (i.e. Loan Shares).
Attorney	By completing and signing an application form, the Eligible Employees appoints the company as its attorney with the power to transfer shares or buy back shares held by an Eligible Employee with all proceeds first being applies to satisfy an outstanding loan balance.
Ranking	Any shares or loan shares issued will rank equally with other fully paid ordinary shares on issue in the capital of the company.
Dividends	Holders of shares issued under the plan will be entitled to dividends declared or paid by the company in accordance with the terms of any acquisition loan agreements.
Participation	By completing and returning an application form, the Eligible Employee irrevocably agreed to be bound by the terms of the Plan, the Constitution and the company's shareholders agreement.

If this resolution is approved, Macarthur's interest in an MB Entity will be diluted based on the quantum of securities are awarded from time to time in that entity. However, the Board is determined that by incentivising key staff, the Group will accelerate at a faster pace and grow accordingly.

6.12 Recommendation

No Directors have a personal interest in the outcome of this Resolution. On that basis, each of the Directors recommend that Shareholders vote in favour of this Resolution for the reasons specified above.

7 OTHER INFORMATION

7.1 Registration

Macarthur is an Australian public, unlisted company that was incorporated on 30 April 2019 in Victoria, Australia.

7.2 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.

7.3 Scope of disclosure

The Company is required to provide to Shareholders all information which is known to the Company that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interest to pass the Resolutions.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions, other than as is disclosed in the Explanatory Statement or previously disclosed to Shareholders.

Voting intentions and relevant interest of the Directors

The number of Shares in which each Director has a relevant interest as at the date of this Notice is set out in Sections 4.5 and 4.6 of the Explanatory Statement.

7.4 Recommendation

Henry Townsing Sr will abstain from voting on Resolutions 1 and 2.

Except as otherwise stated, the Directors unanimously recommend that, in the context of the Company's current circumstances, Shareholders should vote to approve all of the Resolutions to be put to the Meeting.

However, Shareholders must decide how to vote based on the matters set out in the Explanatory Statement.

7.5 Taxation

The Acquisition may give rise to tax implications for Shareholders, and for the Company, including stamp duty.

Shareholders are advised to seek their own taxation advice on the effect of all Resolutions on their personal position. Neither the Company, nor the Directors or any advisor to the Company accepts any responsibility for any individual Shareholder’s taxation consequences on any aspect of the Acquisition or the other Resolutions proposed at the Meeting.

8 GLOSSARY

Capitalised terms used in the Notice and the Explanatory Statement have the following meanings:

$ means Australian dollars (unless otherwise indicated to the contrary);

Acquisition has the meaning given in Section 1.4;

APPs means the Australian Privacy Principles, set out in the Privacy Act;

Bay City Early Learning Centre - Geelong means Bay City Early Learning Geelong Pty Ltd T/A Montessori Beginnings Geelong ACN 652 811 615;

Board means the board of Directors from time to time;

Chairman means the person appointed to chair the Meeting of the Company convened by the Notice;

Consideration Shares means New Shares to be issued to the Vendor under the Vendor Offer;

Corporations Act means the Corporations *Act 2001* (Cth);

Director(s) means the directors of the Company from time to time;

Explanatory Statement means the explanatory statement that accompanies the Notice;

Greenvale Property means the property located at and known as 985C Mickleham Road, Greenvale VIC 3059;

Group means Macarthur and its subsidiaries;

Head Office Property means the property located at and known as 'G2' and 'G3', 68-70 Dorcas Street, Southbank VIC 3006;

Henry Townsing Jr means Henry Townsing, the son of Henry Townsing Sr;

Henry Townsing Sr means Henry George Townsing, director of the Company;

Independent Expert means RSM Australia Pty Ltd;

Irymple Property means the property located at and known as 757, Sandilong Avenue, Irymple, Victoria 3498;

Loan Share means each Share acquired by Henry Townsing Jr under the Acquisition Loan;

LTIP means the Long Term Incentive Plan for Macarthur's Directors and Senior Management, as adopted by the Company at its most recent annual general meeting;

Malvern Property means the property located at and known as 14 Spring Road, Malvern VIC 3144;

Maribyrnong Property means the property located at and known as Childcare Centre Tenancy, Part Ground Floor, 31 Edgewater Boulevard, Maribyrnong VIC 3032;

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 Irymple means Montessori Beginnings Pty Ltd ACN 673 619 228;

MB Malvern means Spring Kids Pty Ltd ACN 613 269 846;

MB Maribyrnong means Montessori Beginnings Maribyrnong Pty Ltd ACN 634 437 693;

MB Mildura means Montessori Beginnings Mildura Pty Ltd ACN 615 838 269;

MB Officer means Montessori Beginnings Officer Pty Ltd ACN 619 339 623;

MB Swan Hill means Montessori Beginnings Swan Hill ACN 657 027 444;

MB Thomastown means Montessori Beginnings Thomastown Pty Ltd ACN 611 862 563;

Meeting means the meeting of the Company to be held at 68 Dorcas Street, Southbank VIC 3006 or virtually on https://www.registrydirect.com.au/MNL_EGM25 at 11:00am (Melbourne time);

Milestone means each of the milestones listed in Section 4.6(c)of this Explanatory Statement which, if achieved, will entitled Henry Townsing Jr to Performance Options;

New Shares means those shares issued under the Vendor Offer;

Notice means the notice convening the Meeting;

Officer Property means the property located at the corner of Pink Hill Boulevard and Timbertop Boulevard and Upton Drive, Officer VIC 3809;

Performance Options means performance options proposed to be issued to Henry Townsing Jr under the LTIP, as set out in Section 4.6(c)of this Explanatory Statement;

Proposed Transaction means the Vendor Offer and the Acquisition;

Proxy Form means the proxy form supplied to Shareholders by Registry Direct;

Resolution means a resolution to be voted on at the Meeting, the details of which are set out in the Notice;

RTA means the *Residential Tenancies Act 1997* (Vic);

Schedule means a schedule to the Notice;

Share means a fully paid ordinary share in the capital of the Company;

Shareholder means a holder of a Share;

Swan Hill Property means the property located at and known as 100 Beveridge Street, Swan Hill Victoria 3585;

Transaction-related Resolutions means all Resolutions relating to the Acquisition and the Vendor Offer, being Resolutions 1 and 2 inclusive;

Truganina Property means the property located at and known as 6 Samsara Avenue, Truganina VIC 3029;

Vendor Offer means the offer of Shares as set out in Section 1 of this Explanatory Statement and more particularly described in a disclosure document to be provided by the Company in due course;

Vendor means Newport Apartments Vic Pty Ltd ABN 95 154 781 094;

VLS means Vita Life Sciences Limited ACN 003 190 421;

Zest Living Co means CVCV Land Co No.17 Pty Ltd ACN 601 728 232 (to be renamed Zest Living Australia Pty Ltd);

Zest Living Co Development means CVCV Development Co No.17 Pty Ltd ACN 601 728 849 (to be renamed Zest Living Australia Development Pty Ltd); and

Zest Living Fyansford means property to be acquired under the Fyansford Contract.

SCHEDULE 1: HENRY TOWNSING SR OWNERSHIP INTEREST INFORMATION

If so, we propose that the following is included:

Set out below is Henry Townsing Sr voting power in the Company:

#	Entity	Shares held
1.	CVC Venture Managers Pty Ltd	21,074,322
2.	AWG No. 17 Pty Ltd	11,820,718
3.	Barkly II Custodian Projects Pty Ltd	8,905,068
4.	Hem Capital Pty Ltd	5,696,816
5.	20Q Land Co Pty Ltd	4,705,350
6.	Barkly II Custodian Pty Ltd	3,974,580
7.	AWCC Pty Ltd	3,405,220
8.	Stanton Lea Pty Ltd	3,070,115
9.	Barkly II Custodian Projects Pty Ltd	2,484,971
10.	Viit Pty Ltd	1,825,000
11.	Athem Pty Ltd	1,007,490
12.	C. Bartosiewicz	388,229
13.	Stockriver Pty Ltd	9,507
14.	Land Real Pty Limited	3,063
	Total	**68,357,879**

SCHEDULE 2 – VENDOR DETAILS

Company Name	ACN	Directors	Secretary	Total Shares on Issue	Paid up Capital	Shareholders	Shares Held	Beneficially Held
Newport Apartments Vic Pty Ltd	154 781 094	Henry George Townsing	Wai Han Low Richard Bruce Barton	4,340	$4,340	Normandy Newport Investments No. 3 Pty Ltd	1,170	Yes
						Gatton Investments Pty Ltd[1]	2,213	
						Normandy Newport Investments No. 88 Pty Ltd	957	

Notes
*[1] Henry Townsing Sr is a director of Gatton Investments Pty Ltd (**Gatton**) and a director of Gatton's sole member (Aust-Wide Group Pty Ltd) and entities associated with Henry Townsing Sr are members of Aust-Wide Group Pty Ltd.*

CORPORATE DIRECTORY

Board of Directors

Henry Townsing
Chairman
Non-Executive Director

Dr Les Fitzgerald
Non-Executive Director

Dennis Wilkie
Non-Executive Director

Company Secretary
Surinder Sidhu

Registered Office
Suite 2401, 68-70 Dorcas Street, Southbank
VIC 3006
T: 61 3 9828 0500
E: general@macarthurnational.com.au

Auditor
RSM Australia Partners
Level 21, 55 Collins Street West Melbourne
VIC 3000
T: 61 3 9286 8038
F: 61 3 9286 8199

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/

MACARTHUR
NATIONAL
LIMITED

Macarthur National Ltd

ACN 633 180 346

Telephone: 61 3 9828 0500

Email: general@macarthurnational.com.au

Address: Suite 2401, 68-70 Dorcas Street,

Southbank, VIC 3006

Annexure 1

Macarthur National Limited

Financial Services Guide and Independent Expert's Report

29 May 2025

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Financial Services Guide

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("**RSM**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we produce is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; Macarthur National Limited ("**MNL**" or "**the Company**") will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees, or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisors. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and/or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, PO Box R1253, Perth, WA, 6844.

If we receive a written complaint, we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

Referral to external dispute resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au. You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll Free: 1800 931 678
Email: info@afca.org.au

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

RSM Corporate Australia Pty Ltd

Level 27, 120 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

29 May 2025

Non-Associated Directors
Macarthur National Limited
68 Dorcas Street
Southbank VIC 3006

Dear Non-Associated Directors,

Independent Expert's Report

Introduction

This Independent Expert's Report (the "**Report**" or "**IER**") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("**Notice**") to be provided to shareholders for an Extraordinary General Meeting of Macarthur National Limited ("**MNL**" or "**the Company**") to be held on or around 20 June 2025, at which shareholder approval will be sought for an acquisition of property located at 41-59 Stephenson Street South Kingsville VIC 3015 ("**the Stephenson Property**") from an entity associated with Henry Townsing Snr, a Director of MNL ("**the Proposed Acquisition**" or "**the Proposed Transaction**").

Consideration payable for the Proposed Acquisition is be satisfied in part by issuing shares in MNL which would increase Henry Townsing Snr and his related parties' current ownership interest and the voting power in MNL ("**Consideration Shares**").

The request for approval of the Proposed Transaction is included as Resolution 1 and Resolution 2 in the Notice, as set out below:

Resolution 1: Issue of Consideration Shares

"That, subject to the passing of all Transaction-related Resolutions, for the purpose of Section 611 (item 7) of the Corporations Act and all other purposes, approval is given for the Company to issue to the Vendor(s) (or their nominees) up to 44,983,333 Consideration Shares on the terms described in the Explanatory Statement"

Resolution 2: Approval of Henry Townsing Snr and his related parties to participate in the Proposed Transaction

"That, subject to the passing of all Transaction-related Resolutions, for the purposes of Section 208 of the Corporations Act and all other purposes, the Company enter into and complete the Proposed Transaction with Henry Townsing Sr and his related parties, on such terms and conditions described in the Explanatory Statement"

The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("**RSM**"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("**Non-Associated Shareholders**").

When considering the Proposed Transaction, we have included the impact both Resolutions 1 and 2 will have on fairness and reasonableness. We have considered all related resolutions, conditions and revised terms as part of the Proposed Transaction because the Proposed Transaction cannot complete without the approval of all transaction-related resolutions.

The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Non-Associated Shareholders should seek independent professional advice.

Summary and conclusion

In our opinion, for the reasons set out in Sections 7 and 8 of this Report and for the purposes of sections 611(7) and 208(1) of the Corporations Act 2001 ("**the Act**"), the Proposed Transaction is **not fair but reasonable** to the Non-Associated Shareholders of MNL.

Approach

In assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered Australian Securities and Investment Commission ("**ASIC**") Regulatory Guide 111 – Content of Expert Reports ("**RG 111**"), which provides specific guidance as to how an expert is to appraise transactions.

Where an issue of shares by a company otherwise prohibited under section 606 of the Act is approved under item 7 of section 611, and the effect on the company shareholding is comparable to a takeover bid, such as the Proposed Transaction, RG 111 states that the transaction should be analysed as if it was a takeover bid.

Therefore, we have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:

- The Fair Market Value of a Share in MNL on a controlling basis prior to the Proposed Transaction; with
- The Fair Market Value of a Share in MNL on a non-controlling basis immediately post completion of the Proposed Transaction,

and considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.

Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair" and "reasonable" is set out at Sections 7 and 8 of this Report.

Fairness opinion

Our assessed Fair Market Values of a MNL Share prior to and immediately after the Proposed Transaction are summarised in the table and figure below.

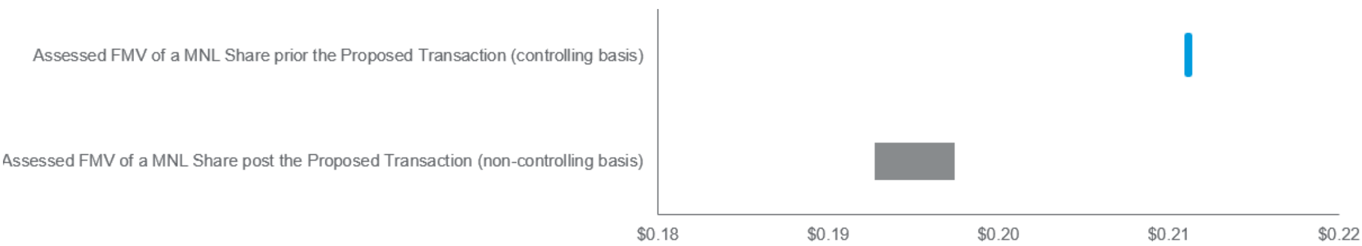
Table 1. Assessed Fair Market Values of a MNL Share prior and post the Proposed Transaction

	Low	High	Preferred
Fair Market Value of a MNL Share prior to the Proposed Transaction (controlling basis)	$0.2111	$0.2111	$0.2111
Fair Market Value of a MNL Share post the Proposed Transaction (non-controlling basis)	$0.1928	$0.1974	$0.1951

Source: RSM analysis

We have summarised the Fair Market Values included in the table above in the chart below.

Figure 1. MNL Share valuation graphical representation



Source: RSM analysis

The chart above indicates that our assessed range of the FMV per MNL Share post the Proposed Transaction on a non-controlling basis is less than the assessed FMV of a MNL Share prior the Proposed Transaction on a control basis.

In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of sections 611(7) and 208(1) of the Act, we consider the Proposed Transaction to be **not fair** to Non-Associated Shareholders of MNL.

Reasonableness opinion

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
- The existence of alternative proposals.

Key advantages and disadvantages of the Proposed Transaction

The key advantages of the Proposed Transaction are:

Advantage	Details
Supports MNL's business strategy	The Proposed Transaction would further strengthen MNL's social infrastructure business while supporting the Company's strategy in acquiring a portfolio of Australian assets and seeking an ASX listing.
Access to income generating asset	Once established and operational, the Stephenson Property is expected to generate income (including rental income) for MNL whereby surplus funds from such income could potentially be utilised to pay dividends to MNL Shareholders.
Opportunity to acquire a strategic asset via shares and at a discount	Directors of MNL consider it unlikely that the Company would be in a position to acquire a significant and complimentary asset similar to the Stephenson Property primarily via cash. Therefore, the Proposed Transaction which is partially funded via shares provides MNL an opportunity to purchase such an asset.
The Proposed Acquisition is made at a discount	Further to the above, given MNL is acquiring the Stephenson Property for a total consideration of $19.6m, the acquisition is made at a discount as the Stephenson Property's current Fair Market Value has been assessed at $23.0m.
Enhances MNL's real asset base and financial profile	The Proposed Transaction increases MNL's real asset base which allows for future growth, strengthens the Company's financial position and could potentially improve MNL's access to capital markets under more favourable terms. Furthermore, it may also boost stakeholders' confidence and attract new investors.

The key disadvantages of the Proposed Transaction are:

Disadvantage	Details
The Proposed Transaction is not fair	The Proposed Transaction is not fair to the Non-Associated Shareholders.
Change in risk profile	The Proposed Transaction is associated with a number of risks, including real estate market risk, insurance risk, regulatory (land lease community sector) risk and competition risk whereby such change in MNL's risk profile may not meet some MNL Shareholders' investment risk profile.
Dilutionary impact	Non-Associated Shareholders' interests will be diluted from 62.0% to a range of 49.6% - 53.6% as a result of the Proposed Transaction. This will reduce Non-Associated Shareholders' voting power and influence over the affairs of the Company. We note that the ownership interest of Henry Townsing Snr and his related parties as a result of the Proposed Transaction will increase to above 50.0% should Consideration Shares be issued at the higher end of the range of Consideration Shares that may be issued under the terms of the Proposed Transaction. An ownership interest of 50% or above would give Henry Townsing Snr and his related parties the ability to pass ordinary resolutions of MNL without the support from any other MNL Shareholders.

Alternative proposals to the Proposed Transaction

We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders as at the date of this Report.

Conclusion on Reasonableness

In our opinion, the position of the Non-Associated Shareholders of MNL if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** to the Non-Associated Shareholders of MNL.

Non-Associated Shareholders should have particular regard to the potential advantages and disadvantages set out above in the context of their own risk profile and investment strategy.

General

This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Non-Associated Shareholders.

The ultimate decision whether to accept the Proposed Transaction should be based on the Non-Associated Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions.

Shareholders should read and have regard to the contents of the Notice which has been prepared by the Directors and Management of MNL. Non-Associated Shareholders who are in doubt as to the action they should take with regard to the Proposed Transaction and/or the matters dealt with in this Report, should seek independent professional advice.

This summary should be considered in conjunction with the detail contained in the following sections of this Report.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

Andrew Clifford
Director – Corporate Finance

Nadine Marke
Director – Corporate Finance

1. Summary of the Proposed Transaction

1.1 Overview

The Proposed Transaction comprises an asset acquisition by MNL as detailed below:

- The asset is a property located at 41-59 Stephenson Street South Kingsville VIC 3015 ("**the Stephenson Property**");
- The current owner of the Stephenson Property is Newport Apartments Vic Pty Ltd, a party related to Henry Townsing Snr ("**the Vendor**");
- The total purchase price for the Stephenson Property is $19.6m ("**the Purchase Price**"), which would be funded by a combination of cash and MNL Shares whereby MNL intends to issue between 28,316,667 and 44,983,333 MNL Shares at an agreed issue price of $0.24 per share ("**Consideration Shares**"); and
- Upon its acquisition, MNL intends to develop the Stephenson Property into another residential living community project which upon completion will offer the public affordable housing while generating income for the Company.

The table below summarises the payment structure of the Proposed Acquisition.

Table 2. Payment structure summary of the Proposed Transaction

Payment structure of the Proposed Transaction ($'000)	Low	High	Average
The Purchase Price	19,600	19,600	19,600
Payment structure			
Consideration Shares ('000)	28,317	44,983	36,650
Agreed issue price per share ($)	0.24	0.24	0.24
Purchase Price funded via Consideration Shares	**6,796**	**10,796**	**8,796**
Purchase Price funded via cash	**12,804**	**8,804**	**10,804**

1.2 Key conditions of Proposed Transaction

Completion of the Proposed Transaction is subject to and conditional upon the approval of all transaction-related resolutions by the required majority of MNL Shareholders at the Meeting. If any transaction related resolution is not approved, none of them will take effect and the Proposed Transaction will not proceed.

1.3 Impact of Proposed Transaction on MNL's capital structure

The table below sets out a summary of the capital structure of MNL prior and post the Proposed Transaction.

Table 3. MNL capital structure pre and post the Proposed Transaction

MNL share structure	No. of shares held	% shareholding
Prior Proposed Transaction		
Henry Townsing Snr and related parties	68,357,879	38.0%
Other MNL Shareholders	111,653,475	62.0%
Total shareholding prior Proposed Transaction	**180,011,354**	**100.0%**
Post Proposed Transaction		
Henry Townsing Snr and related parties	96,674,546 - 113,341,212	46.4% - 50.4%
Other MNL Shareholders	111,653,475	49.6% - 53.6%
Total shareholding post Proposed Transaction	**208,328,021 - 224,994,687**	**100.0%**

2. Scope of the Report

2.1 Purpose of this Report

The Directors of MNL have requested RSM, being independent and qualified for the purpose, to express an opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

2.2 Corporations Act

Section 606 of the Act

Section 606 of the Act prohibits a person from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest in the company increasing from a starting point that is below 20% to an interest that is above 20%. Completion of the Proposed Transaction (whereby the maximum number of Consideration Shares are issued) will increase the voting power of the Vendor, a party related to Henry Townsing Snr, to approximately 20.0% which would result in an increase Henry Townsing Snr's voting power to approximately 50.4%.

Under item 7 of section 611 of the Act, the prohibition contained in Section 606 does not apply if the acquisition has been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for Resolution 1 under item 7 of section 611 of the Act.

Section 611(7) of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC RG 111 advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.

Section 208 of the Act

Section 208(1) of the Act provides that a public company must not, without the approval of the company's members, give a financial benefit to a related party unless an exception to the prohibition as set out in sections 210 to 216 of the Act applies to that issue.

The Vendor is a related party for the purposes of section 228 of the Act as it is related to Henry Townsing Snr, a Director of MNL.

Therefore, MNL Shareholders' approval is also required for the purposes of section 208(1) of the Act.

2.3 Adopted basis of evaluation

In determining whether providing the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111.

RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.

RG 111 states that the expert's report should focus on:

1. The issues facing the security holders for whom the report is being prepared; and
2. The substance of the transaction rather than the legal mechanism used to achieve it.

Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company's shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

RG 111 applied the fair and reasonable test as two distinct criteria in the circumstance of a takeover offer, stating:

- A takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- A takeover is considered "reasonable" if it is fair, or where the offer is "not fair" it may still be reasonable if the expert believes that there are sufficient reasons for security holders to accept the offer.

Consistent with the guidelines in RG 111 as summarised above, we have considered whether the Proposed Transaction is “fair” to the Non-Associated Shareholders by assessing and comparing:

- the Fair Market Value of an ordinary Share in MNL (on a control basis) prior to the Proposed Transaction; with
- the Fair Market Value of an ordinary Share in MNL (on a non-control basis) following the Proposed Transaction.

Our assessment of the Fair Market Value of a Share in MNL has been prepared on the following basis:

“the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm’s length”.

In accordance with RG 111, we have considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders, in their decision as to whether or not to accept the Proposed Transaction. These factors include:

- any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
- the existence of alternative proposals.

Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

3. Profile of Macarthur National Limited

3.1 Background

MNL is a for-profit unlisted public company, limited by shares, incorporated and domiciled in Australia on 30 April 2019. The Company is an owner, developer and operator of social infrastructure communities focusing on the following two sectors:

1. Early learning and childcare (“**ELC**”)

   Trading as Montessori Beginnings, MNL provides full or part-time learning and care services for children aged 6 weeks to 6 years utilising the ‘Montessori’ philosophy in teaching young children.

   ELC is MNL’s main operating sector and is segregated into the following two segments:

   - ELC Operations

     Currently comprises eight mature operating ELCs, i.e., Mildura ELC, Maribyrnong ELC, Hoppers Crossing ELC, Malvern ELC, Officer ELC, Thomastown ELC, Greenvale ELC and Swan Hill ELC.

   - ELC Investments

     Further segregated into three components:

     i. ELC Services

        Currently comprises two incubated operating ELCs (i.e., Geelong ELC and Brunswick ELC) which will be transferred to the ELC Operations segment upon reaching maturity. ELC Services also includes ELC operational platform and centre support services.

     ii. ELC Development (new early learning centres)

        Comprises centres under construction, in pre-development or in pipeline, including Irymple ELC, Harpley ELC and Berwick ELC.

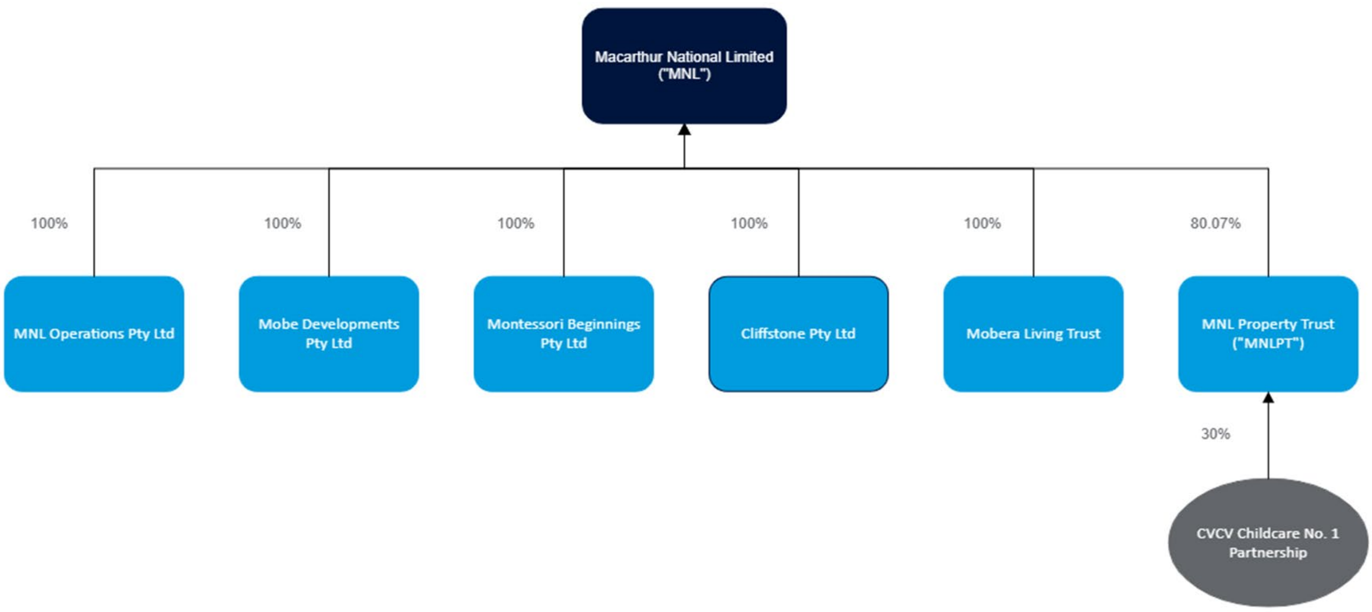
     iii. MNL Property Trust

        Comprises properties developed by MNL which are held for long term income generation. As at 31 December 2024, MNL held 80.1% unitholding in the trust.

2. Residential land lease communities

   Trading as Zest Living, MNL is developing a residential land lease community comprising 155 lots (upon reaching full maturity) in Yarrawonga. As at December 2024, the construction of Phase 1 infrastructure and 17 homes have been completed.

MNL has interests in subsidiary and associate entities, as depicted in the diagram below.



3.2 Directors and management

The directors and key management of MNL are summarised in the table below.

Table 4. MNL Directors and key management personnel

Name	Title	Experience
Henry Townsing	Chairman	Mr Townsing has 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 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	Director	Dr Fitzgerald has over 38 years of education experience in the higher education and health sectors. He has extensive experience in curriculum design, development and professional accreditation of undergraduate and postgraduate courses. Currently he leads the development and implementation of a Montessori based education curriculum for the ELC business and a training program for staff. Dr Fitzgerald has been appointed as an independent Director and the Board considers that he is free from any relationship that could materially interfere with the independent exercise of his judgement.
Dennis Wilkie	Director	Mr Wilkie has extensive experience in local and international capital markets gained over a career exceeding 35 years. He possesses a broad range of expertise across many industries, including private equity, property, financing, and renewable energy. He is a co-founder and current CEO of HydroFiji. Mr Wilkie has been appointed as an independent Director and the Board considers that he is free from any relationship that could materially interfere with the independent exercise of his judgement.

Source: MNL financial report for the year ended 30 June 2024

3.3 Financial information

The information in the following section provides a summary of the financial performance and financial position of MNL and its controlled entities for the years ended 30 June 2022 ("**FY22**"), 30 June 2023 ("**FY23**") and 30 June 2024 ("**FY24**") and the six months ended 31 December 2024 ("**YTD Dec-24**") on a consolidated basis, extracted from historical audited financial statements.

Table 5. MNL historical financial performance

Macarthur National Ltd Profit & loss summary ($'000)	FY22 Audited	FY23 Audited	FY24 Audited	YTD Dec-24 Audited
Revenue	**10,862**	**18,774**	**22,707**	**14,570**
Revenue growth (%)		*73%*	*21%*	
Other income	631	118	450	595
Share of profits of associates	132	122	155	60
Operating expenses				
Employee benefit expenses	(8,638)	(13,452)	(15,981)	(9,158)
Direct expenses	(397)	(1,058)	(2,599)	(1,817)
Occupancy expenses	(735)	(909)	(1,658)	(571)
Administrative expenses	(691)	(1,210)	(1,056)	(504)
Other expenses	(31)	(2)	(457)	(10)
Total operating expenses	**(10,491)**	**(16,632)**	**(21,750)**	**(12,060)**
OPEX margin (%)	*97%*	*89%*	*96%*	*83%*
EBITDA	**1,134**	**2,382**	**1,561**	**3,165**
EBITDA margin (%)	*10%*	*22%*	*14%*	*29%*
Depreciation and amortisation	(1,487)	(2,154)	(2,441)	(1,449)
EBIT	**(352)**	**228**	**(879)**	**1,717**
EBIT margin (%)	*(3%)*	*1%*	*(4%)*	*12%*
Interest income	9	35	82	46
Finance costs	(926)	(1,376)	(2,660)	(1,708)
Fair value loss on investment properties	(1,002)	-	-	-
NPBT	**(2,271)**	**(1,113)**	**(3,458)**	**54**
NPBT margin (%)	*(21%)*	*(6%)*	*(15%)*	*0%*
Income tax benefit / expense	283	(133)	1,646	562
NPAT	**(1,988)**	**(1,246)**	**(1,812)**	**616**

Source: Macarthur National Ltd audited financial statements

We note the following in relation to MNL's historical financial performance:

- Historical revenue was primarily generated by ELC Operations, with the segment contributing 86.8% of total revenue in FY24;
- The year-on-year ("**YoY**") in historical revenue related to ELC Operations, as a result of increases in the number of ELCs reaching maturity, occupancy rates and day care rates charged;
- Other income primarily comprised of net fair market value gain on investment in associates, net gain on disposal of assets and incentives received from MNL associate entity, CVCV Childcare No. 1 Partnership;
- Employee benefit expenses comprised largely of wages and salaries, superannuation contributions and employee leave expenses. The YoY increase over FY22 to FY24 was primarily due to increases in headcount and wage rates; and
- Direct expenses wholly related to ELC Operations and comprised of expenses such as food supplies and classroom supplies/ consumables. Total direct expenses as a percentage of total ELC Operations' revenue over the Historical Period remained fairly constant at 3.0% - 4.0%.

Table 6. MNL historical financial position

Macarthur National Ltd Balance sheet ($'000)	30-Jun-23 Audited	30-Jun-24 Audited	31-Dec-24 Audited
Assets			
Current assets			
Cash and cash equivalents	851	2,114	227
Trade and other receivables	803	712	941
Income tax receivable	-	14	2
Inventories	3,568	4,368	4,237
Non-current assets			
Non-current assets classified as held for sale	2,728	-	-
Investment in associate	2,671	2,706	2,706
Investment in properties	16,495	17,981	18,264
Other investments	-	68	92
Property, plant and equipment	25,577	15,685	18,720
Right-of-use assets	13,103	23,937	22,650
Intangibles	18,645	18,645	18,645
Other assets	1,976	2,160	2,469
Total assets	**86,417**	**88,389**	**88,953**
Liabilities			
Current liabilities			
Trade and other payables	(1,608)	(2,248)	(1,583)
Employee benefit provision	(1,976)	(2,232)	(2,082)
Borrowing - Current	(4,069)	(13,160)	(19,153)
Lease liabilities - Current	(1,066)	(1,481)	(1,516)
Provision for income tax	(8)	-	-
Derivative financial instruments (convertible notes)	-	-	(3,543)
Other liabilities - Current	(1,601)	(2,397)	(1,274)
Non-current liabilities			
Lease liabilities - Non-current	(12,721)	(23,960)	(22,881)
Deferred tax liabilities	(4,129)	(2,333)	(1,772)
Borrowing - Non-current	(23,533)	(7,100)	(1,000)
Employee benefit provision - Non-current	(243)	(289)	(355)
Total liabilities	**(50,953)**	**(55,200)**	**(55,160)**
Net assets	**35,464**	**33,189**	**33,793**

Source: Macarthur National Ltd audited financial statements

We note the following in relation to MNL's statement of financial position:

- Inventories wholly comprised of Zest Living's properties available for sale and under construction (i.e., work in progress);
- Non-current assets classified as held for sale as at 30 June 2023 wholly related to an ELC property held for sale which was sold and settled in September 2023;
- Investment in associate wholly related to MNL Property Trust's 30.0% interest in the CVCV Childcare No 1 Partnership ("**the Partnership**"). The Partnership is an investment property holding entity, owning properties at 8 Upton Drive Officer VIC 3809 and 6 Samsara Avenue Truganina VIC 3029;
- Investment in properties comprised of:
  - Development land and buildings owned by Zest Living at 160 Peter Thomson Circuit Yarrawonga;
  - Property owned by Zest Living at 1 Cobham Avenue Swan Hill; and
  - Properties owned by MNL Property Trust at 68A and 68B Dorcas Street Southbank Vic 3006;

- Property, plant and equipment comprised largely of the following properties owned by MNL Property Trust:
  - 3 Case Street Maribyrnong Vic 3032;
  - 14-16 Spring Rd Malvern Vic 3144;
  - 757 Sandilong Ave Irymple Vic 3498;
  - 1 Burnage Road Werribee Vic 3030; and
  - 14s Liara Avenue Berwick Vic 3806;
- Other (non-current) assets comprised of deposits regarding development projects, loan receivables and rental security deposits;
- Current employee benefit provision primarily comprised of accrued salaries and wages, superannuation liabilities, provision for employee leave entitlements, employee PAYG liabilities and bonus payable, while non-current provision related to employee long service leave entitlements; and
- Other (current) liabilities comprised of loans given to related and external parties.

3.4 Capital structure

As at 29 May 2025 MNL has 180,011,354 ordinary shares on issue and if Resolutions 1 and 2 are passed there will be between 208,328,021 and 224,994,687 MNL Shares in issue, as set out in the table below.

Table 7. MNL capital structure prior and post the Proposed Transaction

MNL share structure	No. of shares held	% shareholding
Prior Proposed Transaction		
Henry Townsing Snr and related parties	68,357,879	38.0%
Other MNL Shareholders	111,653,475	62.0%
Total shareholding prior Proposed Transaction	**180,011,354**	**100.0%**
Post Proposed Transaction		
Henry Townsing Snr and related parties	96,674,546 - 113,341,212	46.4% - 50.4%
Other MNL Shareholders	111,653,475	49.6% - 53.6%
Total shareholding post Proposed Transaction	**208,328,021 - 224,994,687**	**100.0%**

Source: Management

4. Valuation approach

4.1 Basis of evaluation

The valuation of MNL prior to and post the Proposed Transaction has been prepared on the basis of Fair Market Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

4.2 Valuation methodologies

RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow ("**DCF**") method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted market price for listed securities; and
- any recent genuine offers received.

We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

Market based methods estimate the fair market value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;

- the quoted price for listed securities; and
- industry specific methods.

The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.

Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market-based valuation methods because they may not account for company specific risks and factors.

Income based methods

Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:

- discounted cash flow; and
- capitalisation of future maintainable earnings.

The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings ("**FME**") of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

Asset based methods

Asset based methodologies estimate the fair market value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- orderly realisation of assets method;
- liquidation of assets method; and
- net tangible assets on a going concern basis.

The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.

The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.

The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

4.3 Selection of valuation methodologies

Valuation of a MNL Share prior to the Proposed Transaction (control basis)

Given the operational nature and status of MNL's business segments and sub-segments, we have assessed the Fair Market Value of a MNL Share prior the Proposed Transaction using a sum of the parts ("**SOTP**") methodology, which takes into account the Fair Market Value of numerous properties owned by MNL across the segments.

ELC

ELC currently operates eight mature childcare centres (i.e., ELC Operations) and two incubated childcare centres (i.e., ELC Services), with three further centres to commence operations in the near future (i.e., ELC Developments) (collectively as "**the Childcare Business Segment**"). Accordingly, we have adopted the capitalisation of future maintainable earnings ("**CFME**") methodology which takes into account the impact of incubated centres reaching maturity and opening of the three centres in assessing the Enterprise Value and Goodwill of the Childcare Business Segment prior the Proposed Transaction.

ELC, via MNL's 80.1% interest in MNL Property Trust, also owns the following properties which are held for long term income generation.

- 3 Case Street Maribyrnong Vic 3032;
- 14-16 Spring Rd Malvern Vic 3144;
- 757 Sandilong Ave Irymple Vic 3498;
- 1 Burnage Road Werribee Vic 3030;
- 14s Liara Avenue Berwick Vic 3806;
- 68A and 68B Dorcas Street Southbank Vic 3006;
- 8 Upton Drive Officer VIC 3809 (via MNL Property Trust's 30.0% interest in the Partnership); and
- 6 Samsara Avenue Truganina VIC 3029 (via MNL Property Trust's 30.0% interest in the Partnership).

On the above basis, we have adopted the net tangible assets on a going concern basis ("NTA") methodology in assessing the Fair Market Value of an 80.1% interest in MNP Property Trust (including the trust's interest in the Partnership) prior the Proposed Transaction. In determining the Fair Market Value of the abovementioned properties, we have instructed Opteon and Charter Keck Cramer, as specialist property valuers, to prepare independent valuations of such properties.

Residential land lease communities

Zest Living is primarily involved in the development of land lease properties in Yarrawonga whereby only 17 out of a planned 155 dwellings have been built as at April 2025. Accordingly, we have utilised the NTA methodology to assess the Fair Market Value of the segment prior to the Proposed Transaction. In determining the Fair Market Value of the development land and properties available for sale and under construction owned by Zest Living, we have instructed Valued Care and Charter Keck Cramer, as specialist property valuers, to prepare independent valuations such properties.

Valuation of a MNL Share following the Proposed Transaction (non-controlling basis)

Consistent with our approach in valuing a MNL Share prior the Proposed Transaction and having regard to the nature of the Proposed Transaction and the Asset, we have assessed the Fair Market Value of a MNL Share post the Proposed Transaction using the SOTP methodology (non-controlling basis) which takes into account the Fair Market Value of the Asset.

5. Valuation of a MNL Share prior the Proposed Transaction

As stated in Section 4 of this Report, we have assessed the Fair Market Value of a MNL Share prior to the Proposed Transaction on a controlling basis using a SOTP approach.

5.1 Sum of the parts valuation

We summarise our valuation of a MNL Share prior to the Proposed Transaction on a SOTP and control basis in the table below.

Table 8. Assessed Fair Market Value of a MNL Share prior to the Proposed Transaction (SOTP and control basis)

Macarthur National Ltd Valuation summary - Prior Proposed Transaction ($'000)	Ref	Carrying Value at 31-Dec-24	FMV adjustment	Fair Market Value
Assets				
Cash and cash equivalents		227	-	227
Trade and other receivables		941	-	941
Income tax receivable		2	-	2
Inventories and investment in properties	a	22,500	(6,715)	15,785
Investment in CVCV Child Care No.1 Partnership	b	2,706	(117)	2,589
Other investments		92	-	92
Property, plant and equipment				
Land and building	c	10,080	820	10,900
Construction in progress	d	8,166	784	8,950
Leasehold improvements		8	-	8
Plant and equipment		403	-	403
Other fixed assets		63	-	63
Right-of-use assets		22,650	-	22,650
Intangibles (Goodwill)				
ELC	Sec 5.2	11,143	17,668	28,811
Zest Living		7,503	(7,503)	-
Other assets		2,469	-	2,469
Total assets		**88,953**	**4,937**	**93,889**
Liabilities				
Trade and other payables		(1,583)	-	(1,583)
Employee benefit provision		(2,082)	-	(2,082)
Borrowing - Current		(19,153)	-	(19,153)
Provision for income tax		-	-	-
Derivative financial instruments (convertible notes)	e	(3,543)	48	(3,495)
Other liabilities - Current		(1,274)	-	(1,274)
Lease liabilities		(24,397)	1,747	(22,650)
Deferred tax liabilities		(1,772)	-	(1,772)
Borrowing - Non-current		(1,000)	-	(1,000)
Employee benefit provision - Non-current		(355)	-	(355)
Total liabilities		**(55,160)**	**1,795**	**(53,365)**
Net assets		**33,793**	**6,732**	**40,524**
Fair Market Value (100%)				40,524
Less: Non-controlling interest in MNL Property Trust				(2,532)
Fair Market Value to MNL Shareholders				**37,992**
Number of MNL Shares pre Proposed Transaction ('000)				180,011
Fair Market Value per MNL Share pre Proposed Transaction ($)				**0.2111**

We have assessed the Fair Market Value of a 100% interest in MNL (excluding non-controlling interest in MNL Property Trust) to be $38.0m or $0.2111 per MNL Share on a controlling basis.

In order to calculate the Fair Market Value of a 100% equity interest in MNL Shares, we have made a number of adjustments to the carrying values of assets and liabilities included in the statement of financial position. These adjustments are set out below.

a. The table below sets out our negative Fair Market Value adjustment of $6.7m for inventories and investment in properties.

Table 9. Assessed Fair Market Value adjustment of inventories and investment in properties

	($'000)
Total carrying value of inventories and investment properties as at 31 Dec 2024	22,500
Assessed Fair Market Value of:	
Zest Living	
Development land, buildings and properties for sale and in construction at Yarrawonga	13,800
Property at 1 Cobham Avenue Swan Hill	485
Property at 61A Rutherford Street Swan Hill	600
MNL Property Trust	
Property at 68A and 68B Dorcas Street Southbank Vic 3006	900
Total assessed Fair Market Value	15,785
Fair Market Value adjustment	**(6,715)**

Source: RSM analysis

Development land, buildings and properties for sale and in construction at Yarrawonga

In accordance with RG 111.100, which states that real property assets that are planned or are in the process of development, should be valued on the basis of their current market value rather than on an 'as complete' basis, in assessing Fair Market Value of MNL prior the Proposed Transaction, we have included the Fair Market Value of the Yarrawonga land and buildings in their current state.

The Fair Market Value of the Yarrawonga land and buildings in their current state ("as is") have been independently valued by Valued Care. A copy of Valued Care's valuation report (executive summary) is set out in Appendix D of this Report.

In accordance with RG 111.102, to avoid the inclusion of extraneous information, and to ensure that our report is clear and concise, we have not included a full copy of Valued Care's valuation report in the Report. However, should Non-Associated Shareholders require a full copy of the valuation report, this can be obtained from the Company on request, free of charge.

Valued Care utilised the Capitalisation of Net Income approach in determining the project related site value for Stage 1 of Zest Living's landlease development project. With regards to surplus land (Stages 2 and 3), Valued Care adopted the direct comparison approach.

Other properties

The Fair Market Value of the other properties have been independently valued by Charter Keck Cramer. Copies of Charter Keck Cramer's valuation reports (executive summaries) are set out in Appendix E to Appendix G of this Report. Charter Keck Cramer utilised the direct comparison method in determining the Fair Market Value of 1 Cobham Avenue Swan Hill and 61A Rutherford Street Swan Hill. For 68A and 68B Dorcas Street Southbank, it adopted the income capitalisation method and direct sales comparison method as primary and secondary method, respectively.

In accordance with RG 111.102, to avoid the inclusion of extraneous information, and to ensure that our report is clear and concise, we have not included full copies of Charter Keck Cramer's valuation reports in the Report. However, should Non-Associated Shareholders require full copies of the valuation reports, they can be obtained from the Company on request, free of charge.

b. Given the Partnership does not trade and primarily owns investment properties, we have assessed the Fair Market Value of MNL Property Trust's 30.0% interest in the Partnership by assessing the properties' Fair Market Values net associated bank borrowings, as set out in the table below.

Table 10. Assessed Fair Market Value adjustment of investment in the Partnership

	($'000)
Total carrying value of investment in the Partnership as at 31 Dec 2024	2,706
Assessed Fair Market Value of properties at:	
8 Upton Drive Officer Vic 3809	7,350
6 Samsara Avenue Truganina Vic 3029	6,100
Associated property mortgages/bank borrowings:	
8 Upton Drive Officer Vic 3809	(2,773)
6 Samsara Avenue Truganina Vic 3029	(2,048)
Total Fair Market Value (100% basis)	8,630
MNL Property Trust's interest in the Partnership	30.0%
Total Fair Market Value (30% basis)	2,589
Fair Market Value adjustment	**(117)**

Source: RSM analysis

The Fair Market Value of the two properties have been independently valued by Opteon. Copies of Opteon's valuation reports (executive summaries) are set out in Appendix H and Appendix I of this Report. Opteon utilised the income capitalisation method and the comparable transactions method as primary and secondary method, respectively.

In accordance with RG 111.102, to avoid the inclusion of extraneous information, and to ensure that our report is clear and concise, we have not included full copies of Opteon's valuation reports in the Report. However, should Non-Associated Shareholders require full copies of the valuation reports, they can be obtained from the Company on request, free of charge.

c. The table below sets out our Fair Market Value adjustment of $820k regarding land and buildings owned by MNL Property Trust.

Table 11. Assessed Fair Market Value adjustment of land and building

	($'000)
Total carrying value of land and buildings as at 31 Dec 2024	10,080
Assessed Fair Market Value of properties at:	
3 Case Street Maribyrnong Vic 3032	6,100
14-16 Spring Rd Malvern Vic 3144	4,800
Total Fair Market Value (100% basis)	10,900
Fair Market Value adjustment	**820**

Source: RSM analysis

The Fair Market Value of the two properties have been independently valued by Opteon. Copies of Opteon's valuation reports (executive summaries) are set out in Appendix J and Appendix K of this Report. Opteon utilised the income capitalisation method and the comparable transactions method as primary and secondary method, respectively.

In accordance with RG 111.102, to avoid the inclusion of extraneous information, and to ensure that our report is clear and concise, we have not included full copies of Opteon's valuation reports in the Report. However, should Non-Associated Shareholders require full copies of the valuation reports, they can be obtained from the Company on request, free of charge.

d. The table below sets out our Fair Market Value adjustment of $784k regarding properties under construction owned by MNL Property Trust.

Table 12. Assessed Fair Market Value adjustment of properties under construction

	($'000)
Total carrying value of construction in progress as at 31 Dec 2024	8,166
FMV per valuation reports of Opteon (100% basis)	
• 757 Sandilong Ave Irymple Vic 3498	5,200
• 1 Burnage Road Werribee Vic 3030	1,950
• 14s Liara Avenue Berwick Vic 3806	1,800
Total Fair Market Value (100% basis)	8,950
Fair Market Value adjustment	**784**

Source: RSM analysis

The Fair Market Value of the three properties have been independently valued by Opteon. Copies of Opteon's valuation reports (executive summaries) are set out in Appendix L to Appendix N of this Report. Opteon utilised the comparable transactions approach as the primary valuation method.

In accordance with RG 111.102, to avoid the inclusion of extraneous information, and to ensure that our report is clear and concise, we have not included full copies of Opteon's valuation reports in the Report. However, should Non-Associated Shareholders require full copies of the valuation reports, they can be obtained from the Company on request, free of charge.

e. MNL has 35,000 convertible notes in issue. The table below sets out our assessed Fair Market Value for the financial derivative liability and host debt liability components contained with the notes. Further details of our FMV workings are set out in Appendix O of this Report.

Table 13. Assessed Fair Market Value of convertible notes

	($'000)
Financial liabilities	(3,287)
Derivative financial liabilities	(208)
Total Fair Market Value of convertible notes	**(3,495)**

Source: RSM analysis

5.2 Valuation of the Childcare Business Segment (controlling basis)

As stated previously, we have assessed the Enterprise Value and Goodwill of the Childcare Business Segment using the CFME methodology which is set out below.

Table 14. Valuation summary of the Childcare Business Segment (CFME methodology)

The Childcare Business Segment Valuation summary - CFME methodology	Low ($'000)	High ($'000)	Preferred ($'000)
ELC Operations			
FME (assessed at EBITDA level)	3,000	3,000	3,000
Assessed EBITDA multiple (controlling basis)	5.9	6.5	6.2
Enterprise Value - ELC Operations (controlling basis)	**17,794**	**19,500**	**18,647**
ELC Services and ELC Development			
FME (assessed at EBITDA level)	2,200	2,200	2,200
Assessed EBITDA multiple (controlling basis)	3.7	4.2	4.0
Enterprise Value - ELC Services and ELC Development (controlling basis)	**8,223**	**9,295**	**8,759**
Total Enterprise Value (controlling basis)	**26,016**	**28,795**	**27,406**
Add: Net operating liabilities	1,405	1,405	1,405
Assessed Goodwill	**27,421**	**30,200**	**28,811**

Source: RSM analysis

The CFME methodology estimates the equity value of a business by capitalising the FME of the underlying business at an appropriate multiple, which reflects the underlying risk profile and growth prospects of the business, applying a premium for control where necessary, adding the value of any surplus or non-operating assets (or deducting any excess or non-operating liabilities) and deducting net debt (or adding net cash). Accordingly, valuing the childcare business segment using the CFME methodology requires the determination of the following variables:

- future maintainable earnings;
- an appropriate capitalisation multiple;
- an appropriate premium for control;
- the current level of net debt or net cash; and
- the value of surplus assets or excess liabilities.

Our considerations with regard to each of these factors is presented below.

Assessment of underlying FME

In assessing the appropriate FME the Childcare Business Segment, we have considered the following:

- Historical financial performance of ELC Operations for FY23, FY24 and YTD Feb-25;
- Any adjustments required to be made to “normalise” those earnings through excluding items not related to normal operations such as non-business expenses / income or one-off occurrences;
- Forecast financial performance of ELC Operations, ELC Services and ELC Developments for FY25 to FY29, during which the financial impact of Geelong ELC and Brunswick ELC reaching maturity and the opening of Irymple ELC, Harpley ELC and Berwick ELC are expected; and
- Corporate overheads, including remuneration costs of a Portfolio Manager and Practice Coordinator for managing the childcare centres, that would be required by a market participant to operate the Childcare Business Segment on a standalone basis.

Based on the above, we have assessed the FME of the early learning and childcare business segment to be:

- $3.0m for ELC Operations; and
- $2.2m for ELC Services and ELC Developments on an aggregated basis.

Assessment of capitalisation multiple

The assessment of appropriate earnings multiples to be applied in the assessment of the Fair Market Value of the Childcare Business Segment requires consideration of a number of factors including:

- stability and continuity of earnings;
- size and lifecycle of the business;
- capital structure and leverage of the business;
- expected growth prospects of the business (taking into account the FME adopted);
- level of competition and expected growth prospects of the industry; and
- multiples paid by the market in recent acquisitions of industry participants.

The information available for valuation of entities in general is limited to public company data (share prices and earnings multiples). As such we have assessed the appropriate earnings multiple by reference to an equivalent EBITDA multiple from the public arena and after consideration of the differences between the public companies and the Childcare Business Segment.

In selecting an appropriate capitalisation multiple to value the Childcare Business Segment, we have reviewed trading multiples for equities of companies which are listed on the ASX and are operating in the Australian Childcare Services industry.

The table below sets out the implied EBITDA multiples of the comparable listed companies, which is based on the companies' EV as at the Valuation Date and their last twelve months ("**LTM**") and next twelve months ("**NTM**") EBITDA respectively. A description of each of the companies is set out in Appendix P of this Report.

Table 15. Comparable listed companies trading multiples

Comparable company	Country	Market cap $m	EV (Adj)* $m	EBITDA LTM $m	EBITDA NTM $m	EV/EBITDA multiple LTM (Adj)*	EV/EBITDA Multiple NTM (Adj)*
Bright Horizons Family Solutions Inc.	USA	11,682.8	15,714.4	609.2	395.2	25.8 x	39.8 x
KinderCare Learning Companies, Inc.	USA	2,193.0	8,283.5	231.9	(85.9)	35.7 x	(96.4)
G8 Education Limited	Australia	1,017.0	2,422.3	187.2	202.5	12.9 x	12.0 x
Daekyo Co., Ltd.	S Korea	171.7	322.0	30.5	47.4	10.5 x	6.8 x
Nido Education Limited	Australia	185.9	544.1	32.1	18.4	16.9 x	29.5 x
Smile Holdings Inc.	Japan	43.8	47.2	12.8	-	3.7 x	na
QLS Holdings Co., Ltd	Japan	58.8	62.2	7.1	-	8.7 x	na
Mayfield Childcare Limited	Australia	32.1	362.9	7.0	(10.5)	51.6 x	(34.5)
Embark Early Education Limited	Australia	133.0	346.0	19.0	22.9	18.2 x	15.1 x
MindChamps PreSchool Limited	Singapore	37.4	109.6	(3.4)	(7.1)	(32.0)	(15.4)
Tellusgruppen AB (publ)	Sweden	15.2	20.2	2.0	-	10.2 x	na
Excluding outliers							
Min		133.0	346.0	19.0	22.9	12.9	12.0
Max		1,017.0	2,422.3	187.2	202.5	18.2	15.1
Average		575.0	1,384.1	103.1	112.7	15.6	13.5
Median		575.0	1,384.1	103.1	112.7	15.6	13.5

**On a pre-AASB 16 Leases basis*

Source: S&P Capital IQ and RSM analysis

In assessing the EBITDA multiple to be applied to MNL's early learning and childcare business segment FME, we have considered the following:

- The comparable listed company historical multiples (on a minority interest basis), excluding outliers, range from 12.9x to 18.2x, with an average and a median EBITDA multiple of 15.6x; and

- The comparable listed company forecast multiples (on a minority interest basis), excluding outliers, range from 12.0x to 15.1x, with an average and a median EBITDA multiple of 13.5x.

In relation to the above trading multiples, we note share prices of listed companies represent the market value of a non-controlling interest in those companies. As such, any earnings multiple derived from those share prices are consequently non-controlling multiples and they do not reflect a premium for control.

Based on the above and our analysis, we have adopted a non-controlling comparable listed companies forecast EBITDA multiple of 13.0x. On this basis, we consider appropriate EBITDA multiples for ELC Operations to range from 4.7x to 5.2x and for ELC Services and ELC Development to range from 3.0x to 3.4x, as set out in the table below.

Table 16. Assessed EBITDA multiples (controlling basis)

EBITDA multiple assessment summary	Low	High	Preferred
ELC Operations			
Assessed EBITDA multiple (MI basis)	13.0x	13.0x	13.0x
Control premium	25%	25%	25%
	16.3x	**16.3x**	**16.3x**
Discount for size & specific business risks	(64%)	(60%)	(62%)
Assessed EBITDA multiple (controlling basis)	**5.9x**	**6.5x**	**6.2x**
ELC Services and ELC Development			
Assessed EBITDA multiple (MI basis)	13.0x	13.0x	13.0x
Control premium	25%	25%	25%
	16.3x	**16.3x**	**16.3x**
Discount for size & specific business risks	(77%)	(74%)	(76%)
Assessed EBITDA multiple (controlling basis)	**3.7x**	**4.2x**	**4.0x**

Source: S&P Capital IQ and RSM analysis

Premium for control

In the absence of a takeover premium, multiples of listed companies generally reflect the buying and selling of small parcels of shares, which, therefore, do not attract a control premium. In order to assess the Enterprise Value of the Childcare Business Segment on a 100% basis, we are required to adjust the multiple to reflect a premium for control.

RSM has conducted a study on 605 takeovers and schemes of arrangements involving companies listed on ASX over the 15.5 years ended 31 December 2020 ("RSM Control Premium Study 2021"). In determining the control premium, RSM compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, RSM used the closing share price of the acquiring company on the day prior to the date of the offer.

Our study concluded that on average, control premiums in takeovers and schemes of arrangements involving Australian companies (all industries) was in the range of 27.0% to 35.0% at the equity level.

On the above basis, we have adopted a control premium of 25% for the Childcare Business Segment at the Enterprise Value level.

Discount for size and business specific risk

In calculating the appropriate EBITDA multiple for the Childcare Business Segment, we considered the following:

- ELC Operations is significantly smaller than the majority of publicly listed comparable companies with respect to revenue and EBITDA, with ELC Services and ELC Developments (on a combined basis) further being smaller than ELC Operations;
- As smaller businesses, the Childcare Business Segment inherently carries greater risk as it has less diversified revenue streams, less geographic diversifications, lack economies of scale, relatively less efficient processes and systems, and limited access to debt and equity markets; and
- Risks associated with the expected financial performance of ELC Services and ELC Development not materialising and taking into account that our assessed future maintainable earnings for ELC Services and ELC Development are not expected to reach this level for a number of years.

On the above basis, we have assessed ELC Operations' discount for size and other risk factors to be in the range of 60% to 64%, and 74.0% to 77.0% for ELC Services and ELC Development, as set out in the table below.

Table 17. Discount for size and business specific risk

Factor	Low	High	Preferred
ELC Operations			
Discount for size	48%	48%	48%
Discount for business specific risks	16%	12%	14%
Total discount for size and business specific risks (ELC Operations)	**64%**	**60%**	**62%**
ELC Services and ELC Development			
Discount for size	50%	50%	50%
Discount for business specific risks	27%	24%	26%
Total discount for size and business specific risks (ELC Services and ELC Development)	**77%**	**74%**	**76%**

Source: RSM analysis

The discount for size represents the discount an investor will demand for investing in a small business relative to market peers. A number of studies have been undertaken attempting to establish the existence of and measure the size discount or size premium (applied in the calculation of the cost of capital), in particular in the US. The most notable US study is the Valuation Handbook published by Kroll (formerly known as Duff & Phelps), which contains calculations of the size premium for each decile of market capitalisation of US companies. The reasonability of applying size discounts to Australian equities based on US studies have been widely debated and criticised in the past, with the resulting market consensus being that this approach is not reasonable. Several Australian studies have been undertaken demonstrating the existence of the size premium, including the most recent study by Macquarie University as set out in their Business Valuation paper entitled The Size Premium: Australian Evidence, which found evidence supporting the existence of a size premium. However, there is no Australian study which quantifies or measures the size discounts/premiums. Accordingly, the application of size premiums in Australia are somewhat subjective and largely based on professional judgement. We have applied a size discount of 48% for ELC Operations based on the segment's size relative to the comparable public companies observed in estimating an appropriate valuation multiple.

We have further adopted a size discount of 50% (at the mid-point) for ELC Services and ELC Development on the basis the segments are collectively smaller than ELC Operations.

We have applied a discount for business specific risks in the range of 12% - 16% for ELC Operations based on our professional judgement, having considered the following factors:

- **Limited geographic exposure**: ELC Operations' operations are limited to Victoria Australia and, therefore, has a limited geographic footprint relative to the listed comparable peer companies; and
- **Lack of economies of scale**: Given the smaller size and domestic market ELC Operations operate in, it is likely that the segment may lack economies of scale relative to the comparable peer companies.

On the above basis, and having regard to ELC Operations comprising matured centres and the risks associated with ELC Services not achieving maturity or ELC Development not commencing operations as expected, we have adopted a discount range for ELC Services and ELC Development higher than ELC Operations of 24% - 27%.

Comparable transactions

To cross-check the valuation of the Childcare Business Segment using the EBITDA multiples of publicly listed comparable companies, we have considered the implied EBITDA multiples and Enterprise Value per place ratio of local transactions involving target companies operating in the Childcare Services industry.

In considering the transaction multiples of the comparable transactions, we noted and have had regard to the following:

- Implied mean and median EBITDA multiples of 4.4x and 4.2x, respectively;
- Implied mean and median Enterprise Value per place of $24.5k and $27.2k, respectively;
- Certain comparable transactions involved the acquisitions of childcare centres under pre-existing incubator agreements which specify the transactions' EV/EBITDA multiples and/ or pricing mechanism. Therefore, such multiples and/ or pricing mechanism may not be a true reflection of an arms-length price for the relevant centres;
- Multiples observed were primarily on a pre-AASB 16 basis which is in-line with our assessment of MNL's FME;
- Majority of the observed transactions involved the acquisition of controlling stakes; and
- The size (including number of centres and places), geographical location and quality of childcare centres, level of earnings and increasing occupancy rates of the Childcare Business Segment, as compared to the comparable target companies.

The table below summarises the abovementioned implied multiples and ratio of recent comparable transactions. A description of each of transaction is set out in Appendix Q of this Report.

Table 18. Comparable transactions implied multiples

Target	EBITDA LTM $m	EV/ EBITDA LTM $m	Implied EV $m	Total no. of approved places	Implied EV per place $'000	Occupancy rate %
Seven childcare centres (based on Embark Early Education Limited)	4.9	4.2	20.6	798	26	NA
Seven Centres in South Australia	1.3	3.7	4.8	882	5	61.0%
5 childcare centres in Victoria and Queensland	3.3	3.9	12.9	450	29	NA
Two childcare centres in Sandringham and Home Hill[1]	0.5	4.9	2.5	70	35	81.0%
Childcare centre in Queensland	0.2	5.0	1.0	75	13	NA
14 Genius Learning childcare centres[1]	8.0	4.9	39.2	NA	NA	NA
10 childcare centres in Australia	8.2	3.9	32.0	820	39	NA
Min	0.2	3.7	1.0	70.0	5.5	61.0%
Max	8.2	5.0	39.2	882.0	39.0	81.0%
Average	3.8	4.4	16.1	515.8	24.5	71.0%
Median	3.3	4.2	12.9	624.0	27.2	71.0%

Source: S&P Capital IQ, ASX announcements and RSM analysis

1. The transaction involved target(s) operating under an incubator agreement and, therefore, the observed transaction multiple may not accurately reflect the Fair Market Value at time of acquisition.

On the above basis and having regard to our assessed implied Enterprise Value per place for ELC Operations ($26.9k) and ELC Services and ELC Developments ($18.7k) using the EBITDA multiples of publicly listed comparable companies, we consider the comparable transactions' average and median Enterprise Value per place of $24.5k and $27.2k, respectively, to be supportive of our assessed EBITDA multiples for the Childcare Business Segment as set out in Table 14.

Net operating liabilities

As at 31 December 2024, the Childcare Business Segment disclosed net operating liabilities of $1.4m. Accordingly, we have added the $1.4m to our assessed Enterprise Value to arrive at the segment's Goodwill of $28.8m.

6. Valuation of a MNL Share post the Proposed Transaction

As stated in Section 4 of this Report, we have assessed the Fair Market Value of a MNL Share post the Proposed Transaction on a non-controlling basis using the SOTP approach.

6.1 Sum of the parts valuation

We summarise our valuation of a MNL Share post the Proposed Transaction on a SOTP and controlling basis in the table below.

Table 19. Assessed Fair Market Value of a MNL Share post the Proposed Transaction (SOTP and non-controlling basis)

Macarthur National Ltd Valuation summary - Post Proposed Transaction ($'000)	Ref	Low	High	Preferred
Assessed FMV of MNL prior Proposed Transaction on a controlling basis	Table 8	37,992	37,992	37,992
Add: Assessed FMV of the Stephenson Property	a	23,000	23,000	23,000
Less: Estimated cash to be paid in part for the Purchase Price	Table 2	(12,804)	(8,804)	(10,804)
Assessed Fair Market Value of MNL post Proposed Transaction (controlling basis)		**48,188**	**52,188**	**50,188**
Number of MNL Shares post Proposed Transaction ('000)	Table 3	208,328	224,995	216,661
Assessed Fair Market Value of a MNL Share post Proposed Transaction (controlling basis)		**0.2313**	**0.2320**	**0.2316**
Discount for minority interest	b	16.7%	14.9%	15.8%
Assessed Fair Market Value per MNL Share (non-controlling basis)		**0.1928**	**0.1974**	**0.1951**

Source: RSM analysis

We have assessed the Fair Market Value of a MNL Share post the Proposed Transaction (non-controlling basis) to be in the range of $0.1928 to $0.1974 with a mid-point of $0.1951.

In order to calculate the Fair Market Value of a MNL Share on a non-controlling basis, we have made a number of adjustments to our assessed Fair Market Value of MNL prior the Proposed Transaction. These adjustments are set out below.

a. The Fair Market Value of the Stephenson Property has been independently valued by Charter Keck Cramer. A copy of Charter Keck Cramer's valuation report (executive summaries) is set out in Appendix R of this Report. Charter Keck Cramer utilised the direct sales comparison method in determining the Fair Market Value of the Stephenson Property.

b. As detailed in section 2.3 of this Report, we are to assess the FMV of a MNL Share post the Proposed Transaction on a non-controlling basis. The table below sets out a summary of average control premiums of the RSM Control Premium Study at the equity level.

Table 20. RSM Control Premium Study

	Number of transactions	20 day pre-bid	5 day pre-bid	2 day pre-bid
Average control premium:				
All industries	605	34.7%	29.2%	27.1%
Real estate	39	14.4%	13.7%	12.6%
Other industries	125	29.6%	23.4%	21.7%

Source: RSM Control Premium Study 2021

A discount to reflect a minority interest in an entity is the inverse of a control premium. In valuing a MNL Share post the Proposed Transaction, and having regard to the Company's gearing structure and its business segments primarily comprising of real estate, we consider that a premium for control in the range of 17.5% to 20.0% at the equity level would be reflective of the Company's operations. Accordingly, we have applied a discount for minority interest in the range of 14.9% to 16.7%, being the inverse of our assessed control premium.

7. Is the Proposed Transaction fair to MNL Shareholders?

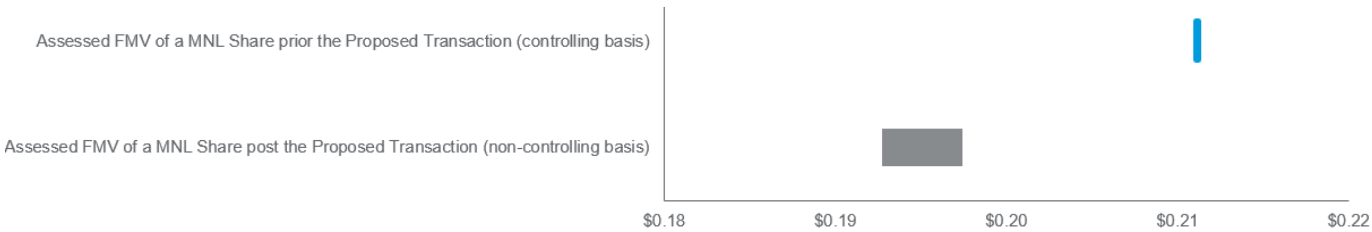
Our assessed Fair Market Values of a MNL Share prior to and immediately after the Proposed Transaction, are summarised in the table and figure below.

Table 21. Assessed Fair Market Value of a MNL Share pre and post the Proposed Transaction

	Low	High	Preferred
Fair Market Value of a MNL Share prior to the Proposed Transaction on a controlling basis	$0.2111	$0.2111	$0.2111
Fair Market Value of a MNL Share post the Proposed Transaction on a non-controlling basis	$0.1928	$0.1974	$0.1951

Source: RSM analysis

Figure 2. MNL Share valuation graphical representation



Source: RSM analysis

In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with S611 of the Act, we consider the Proposed Transaction to be **not fair** to the Non-Associated Shareholders of MNL as the Fair Market Value of a MNL Share post the Proposed Transaction is **less** than the Fair Market Value of a MNL Share pre the Proposed Transaction.

8. Is the Proposed Transaction reasonable to Shareholders?

RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:

- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
- The existence of alternative proposals.

8.1 Advantages and disadvantages

In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage	Details
Supports MNL's business strategy	The Proposed Transaction would further strengthen MNL's social infrastructure business while supporting the Company's strategy in acquiring a portfolio of Australian assets and seeking an ASX listing.
Access to income generating asset	Once established and operational, the Stephenson Property is expected to generate income (including rental income) for MNL whereby surplus funds from such income could potentially be utilised to pay dividends to MNL Shareholders.
Opportunity to acquire a strategic asset via shares and at a discount	Directors of MNL consider it unlikely that the Company would be in a position to acquire a significant and complimentary asset similar to the Stephenson Property primarily via cash. Therefore, the Proposed Transaction which is partially funded via shares provides MNL an opportunity to purchase such an asset.
The Proposed Acquisition is made at a discount	Further to the above, given MNL is acquiring the Stephenson Property for a total consideration of $19.6m, the acquisition is made at a discount as the Stephenson Property's current Fair Market Value has been assessed at $23.0m.
Enhances MNL's real asset base and financial profile	The Proposed Transaction increases MNL's real asset base which allows for future growth, strengthens the Company's financial position and potentially improve MNL's access to capital markets under more favourable terms. Furthermore, it may also boost stakeholders' confidence and attract new investors.

Disadvantages of approving the Proposed Transaction

Disadvantage	Details
The Proposed Transaction is not fair	The Proposed Transaction is not fair to the Non-Associated Shareholders.
Change in risk profile	The Proposed Transaction is associated with a number of risks, including real estate market risk, insurance risk, regulatory (land lease community sector) risk and competition risk whereby such change in MNL's risk profile may not meet some MNL Shareholders' investment risk profile.
Dilutionary impact	Non-Associated Shareholders' interests will be diluted from 62.0% to a range of 49.6% - 53.6% as a result of the Proposed Transaction. This will reduce Non-Associated Shareholders' voting power and influence over the affairs of the Company. We note that the ownership interest of Henry Townsing Snr and his related parties as a result of the Proposed Transaction will increase to above 50.0% should Consideration Shares be issued at the higher end of the range of Consideration Shares that may be issued under the terms of the Proposed Transaction. An ownership interest of 50% or above would give Henry Townsing Snr and his related parties the ability to pass ordinary resolutions of MNL without the support from any other MNL Shareholders.

Alternative proposals

We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders as at the date of this Report.

8.2 Conclusion on reasonableness

In our opinion, the position of the Non-Associated Shareholders of MNL if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** to the Non-Associated Shareholders of MNL.

Non-Associated Shareholders should have particular regard to the potential advantages and disadvantages set out above in the context of their own risk profile and investment strategy.

APPENDICES

A. Declarations and disclaimers

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Andrew Clifford and Nadine Marke are directors of RSM Corporate Australia Pty Ltd. Both Andrew Clifford and Nadine Marke are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of MNL and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Clifford, Nadine Marke, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately $32,500 (excluding goods and services tax (“**GST**”) based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of MNL receives Shareholder approval for the Proposed Transaction, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. Sources of information

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements of MNL for the years ended 30 June 2022, 30 June 2023 and 30 June 2024;
- Reviewed financial statements for MNL for six months ended 31 December 2024;
- Management accounts for ELC Operations for the years ended 30 June 2023 and 30 June 2024, and eight months ended 28 February 2025;
- Financial performance forecasts of ELC Operations, ELC Investments and ELC Developments for the five years ended 30 June 2029;
- Independent valuation of Valued Care for 160 Peter Thomson Circuit Yarrawonga dated 7 April 2025;
- Independent valuation of Charter Keck Cramer for 68A and 68B Dorcas Street Southbank Vic 3006 dated 23 April 2025;
- Independent valuation of Charter Keck Cramer for 1 Cobham Avenue Swan Hill dated 11 April 2025;
- Independent valuation of Charter Keck Cramer for 61A Rutherford Street Swan Hill dated 11 April 2025;
- Independent valuation of Charter Keck Cramer for 41-59 Stephenson Street South Kingsville dated 15 April 2025;
- Independent valuation of Opteon for 3 Case Street Maribyrnong Vic 3032 dated 2 April 2025;
- Independent valuation of Opteon for 14-16 Spring Rd Malvern Vic 3144 dated 1 April 2025;
- Independent valuation of Opteon for 8 Upton Drive Officer Vic 3809 dated 3 April 2025;
- Independent valuation of Opteon for 6 Samsara Avenue Truganina Vic 3029 dated 2 April 2025;
- Independent valuation of Opteon for 757 Sandilong Ave Irymple Vic 3498 dated 8 April 2025;
- Independent valuation of Opteon for 1 Burnage Road Werribee Vic 3030 dated 2 April 2025;
- Independent valuation of Opteon for 14s Liara Avenue Berwick Vic 3806 dated 3 April 2025;
- IBISWorld;
- S&P Capital IQ database; and
- Discussions with Directors and Management of MNL.

C. Glossary of terms and abbreviations

Term or Abbreviation	Definition
$	Australian dollar
Act, the	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
CFME	Capitalisation of future maintainable earnings
Childcare Business Segment, the	ELC Operations, ELC Services and ELC Development
Consideration Shares	28,316,667 – 44,983,333 MNL Shares issued at $0.24 per share to the Vendor(s) of the Stephenson Property
Control basis	As assessment of the Fair Market Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Directors	Directors of the Company
DLOC	Discount for lack of control
ELC	Early learning centre
EV	Enterprise Value
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Market Value/ FMV	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future maintainable earnings
FSG	Financial Services Guide
FY2X	Financial year ended 30 June 202X
IER	This Independent Expert Report
k	Thousand
LTM	Last twelve months
m	Million
Management	Management of Macarthur National Limited
MI	Minority interest
MNL/ the Company	Macarthur National Limited
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
NTM	Next twelve months
Partnership, the	CVCV Childcare No 1 Partnership
Proposed Acquisition/ Transaction, the	MNL's proposed acquisition of the Stephenson Property from an entity associated with Henry Townsing Snr for the Total Consideration
Purchase Price, the	Total consideration for the Stephenson Property of $19,600,000
Report	This Independent Expert's Report prepared by RSM dated 29 May 2025
Resolutions	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
RSM, we, us, or ours	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third-party provider of company and other financial information
Share(s) or MNL Share(s)	Ordinary fully paid shares in the capital of the Company
Shareholder	A holder of Share
SOTP	Sum of the parts
Stephenson Property, the	Property located at 41-59 Stephenson Street South Kingsville VIC 3015
YoY	Year-on-year
YTD Dec-24	Six-month period ended 31 December 2024

D. Valued Care - Valuation of Zest Living Yarrawonga development land and buildings

Valuation Report

Property Address: Zest Living Yarrawonga, 160 Peter Thomson Circuit, Yarrawonga, VIC 3730

Prepared for: RSM Corporate Australia

Date of Valuation: 7 April 2025

Date of Issue of Report: 22 April 2025

VALUEDCARE

This Valuation Report is prepared for the Client named in the Executive Summary and is not to be used or relied by any other party for any other purpose. It is subject to the terms and conditions, disclaimers, qualifications and limitations contained in the Report and any annexures thereto.

EXECUTIVE SUMMARY

Property Address	Zest Living Yarrawonga, 160 Peter Thomson Circuit, Yarrawonga, VIC 3730.		
Client	Mr Andrew Clifford Director, Corporate Finance RSM Corporate Australia Pty Ltd Level 27, 120 Collins Street Melbourne, Victoria 3000		
Instructing Party	RSM Corporate Australia Pty Ltd.		
Purpose and Reliance	This report can be relied upon by RSM Corporate Australia Pty Ltd in relation to a proposed transaction requiring shareholder approval under Chapter 2E and Section 611(7) of the Corporations Act. No other party(ies) may rely on this report for any purpose. Please refer to Page v, vii and viii of this report for further terms and conditions relating to the ability and restrictions of the above party to rely on this report.		
Property Description	Zest Living Yarrawonga is a 5.932 hectare Land Lease Community that will comprise 155 Lots upon reaching full maturity. There are currently 17 dwellings built with eight (8) sold forming part of a 62 Lot Stage 1 development, with all civil works for this stage being complete. A further 50 Lots are to form part of Stage 2 and another 43 Lots for Stage 3, albeit the land designated for these next two stages currently presents as bare earth. Construction of the clubhouse is complete and it presents well featuring open plan lounge and dining areas with full kitchen facilities, a multi-purpose room, cinema, gymnasium, library, in-door swimming pool, staff administration areas and full separate bathroom and change room facilities for males and females. External to the clubhouse is a synthetic grass lawn bowling green and a covered barbeque area with two built in barbeques, full washing up amenities and ceilings fans. Yarrawonga is a regional centre of northern Victoria, approximately 220 radial kilometres from the centre of the Melbourne CBD. Zest Living Yarrawonga is located in the recently developed Silverwoods Estate, approximately three (3) radial kilometres east of the main retail and commercial precinct of Yarrawonga. The Silverwoods Estate comprises many newly constructed dwellings, the Sebel Yarrawonga Hotel and the Black Bull Golf Club, an 18-hole championship course. Zest Living Yarrawonga is set amongst the golf course, with all the of the externally facing Lots benefitting from golf course views, which is a desirable attribute for this Land Lease Community. Residents from within the community also benefit from the many wetlands and waterways running throughout the golf course, which contribute to the appeal of the property. The operator/owner of Zest Living Yarrawonga has adopted the Land Lease Community model for this village, which differs from the traditional retirement village model. Beneficially, this product allows for residents to enter the village at a reduced cost, whilst providing the operator/owner with immediate positive cashflow on account of receiving on-going ground rent payments.		
Zoning	General Residential Zone – Schedule 1 (GRZ1)	**Interest Valued**	100% Freehold Interest subject to the existing lease agreements.

EXECUTIVE SUMMARY (CONT.)

Vacancy	87% vacancy as at the date of valuation (Stage 1 only).	**Adopted Methodologies**	Capitalisation of Net Income, which feeds into a Project Related Site Value Assessment & the Direct Comparison Approach.
Date of Valuation	7 April 2025.	**Date of Inspection**	7 April 2025.
'As Is' Market Value	**13,800,000 excluding GST.**		

Please refer to 'Valuation Summary Table' on Page vi of this report for further valuation metrics.

Valuers

Dan Magree MRE FAPI CPV
Primary Valuer
API Member No. 62373
Director

Julian Gilbert AAPI CPV
Counter Signatory
API Member No. 63182
Director

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Please note that the information contained within the Executive Summary is only a summary of the information contained within the body of this report. The information should therefore be read in conjunction with considering the more detailed information detailed within the main body of this report, including but not limited to the Critical and General Assumptions later stated.

E. Charter Keck Cramer – Valuation of 1 Cobham Avenue Swan Hill

Charter
Keck Cramer

11 April 2025

Valuation Report

1 Cobham Avenue
Swan Hill Vic 3585

Gerard F Righetti
Director
gerard.righetti@charterkc.com.au

www.charterkc.com.au

1 Cobham Avenue, Swan Hill

Cobham Avenue Frontage

Executive Summary

1 Cobham Avenue, Swan Hill

Instructions	
Instructing Party	RSM Corporate Australia Pty Ltd
Ordered By	Andrew Clifford
Reliant Party / Parties	RSM Corporate Australia Pty Ltd
Interest Valued	Market value of the freehold interest with vacant possession
Date of Instruction	2 April 2025
Purpose	Financial Reporting

Property Description	
Property Type	Single level older style rendered brick residence
Highest and Best Use	Low density residential redevelopment *Refer to Assumptions / Qualifications - Highest and Best Use*
Building Area	114 sq.m.
Site Area	650 sq.m.
Zoning	*General Residential Zone (GRZ)*
Overlay(s)	*Specific Controls Overlay (SCO1)*
Title Details	Volume 08444 Folio 922
Registered Proprietor	Clifstone Pty Ltd
Occupancy Status	Vacant

Valuation Methodology	
Primary Method	Direct Sales Comparison
Secondary Method	Summation

Valuation Summary	
Date of Inspection and Valuation	11 April 2025 *Refer to Assumptions / Qualifications - Date of Valuation*
Valuation	**$485,000** Four Hundred and Eighty Five Thousand Dollars

Prepared By Charter Keck Cramer Pty Ltd	
Primary Valuer	**Counter-Signatory**
Gerard Righetti, AAPI Certified Practising Valuer API Member: 62842 Director	Craig G Kilby, AAPI Certified Practising Valuer API Member: 62581 Executive Director

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NOTE: This Executive Summary should be read in conjunction with the entirety of this Valuation Report, in particular (but not limited to) the Valuation Compliance, Asset Profile and Assumptions/Qualifications sections.

F. Charter Keck Cramer – Valuation of 61 Rutherford Street Swan Hill

Charter
Keck Cramer

11 April 2025

Valuation Report

61A Rutherford Street, Swan Hill

Gerard F Righetti
Director
gerard.righetti@charterkc.com.au

www.charterkc.com.au

Charter Keck Cramer

61A Rutherford Street, Swan Hill

Rutherford Street Frontage

Charter Keck Cramer

Executive Summary

61A Rutherford Street, Swan Hill

Instructions	
Instructing Party	RSM Corporate Australia Pty Ltd
Ordered By	Andrew Clifford
Reliant Party / Parties	RSM Corporate Australia Pty Ltd
Interest Valued	Market value of the freehold interest with vacant possession
Date of Instruction	2 April 2025
Purpose	Financial Reporting

Property Description	
Property Type	Vacant development site
Highest and Best Use	Residential development *Refer to Assumptions / Qualifications - Highest and Best Use*
Building Area	N/A
Site Area	4,989 sq.m.
Zoning	*General Residential Zone (GRZ)*
Overlay(s)	*Development Plan Overlay (DPO1)* *Specific Controls Overlay (SCO1)*
Title Details	Volume 09499 Folio 992
Registered Proprietor	Clifstone Pty Ltd
Occupancy Status	Vacant

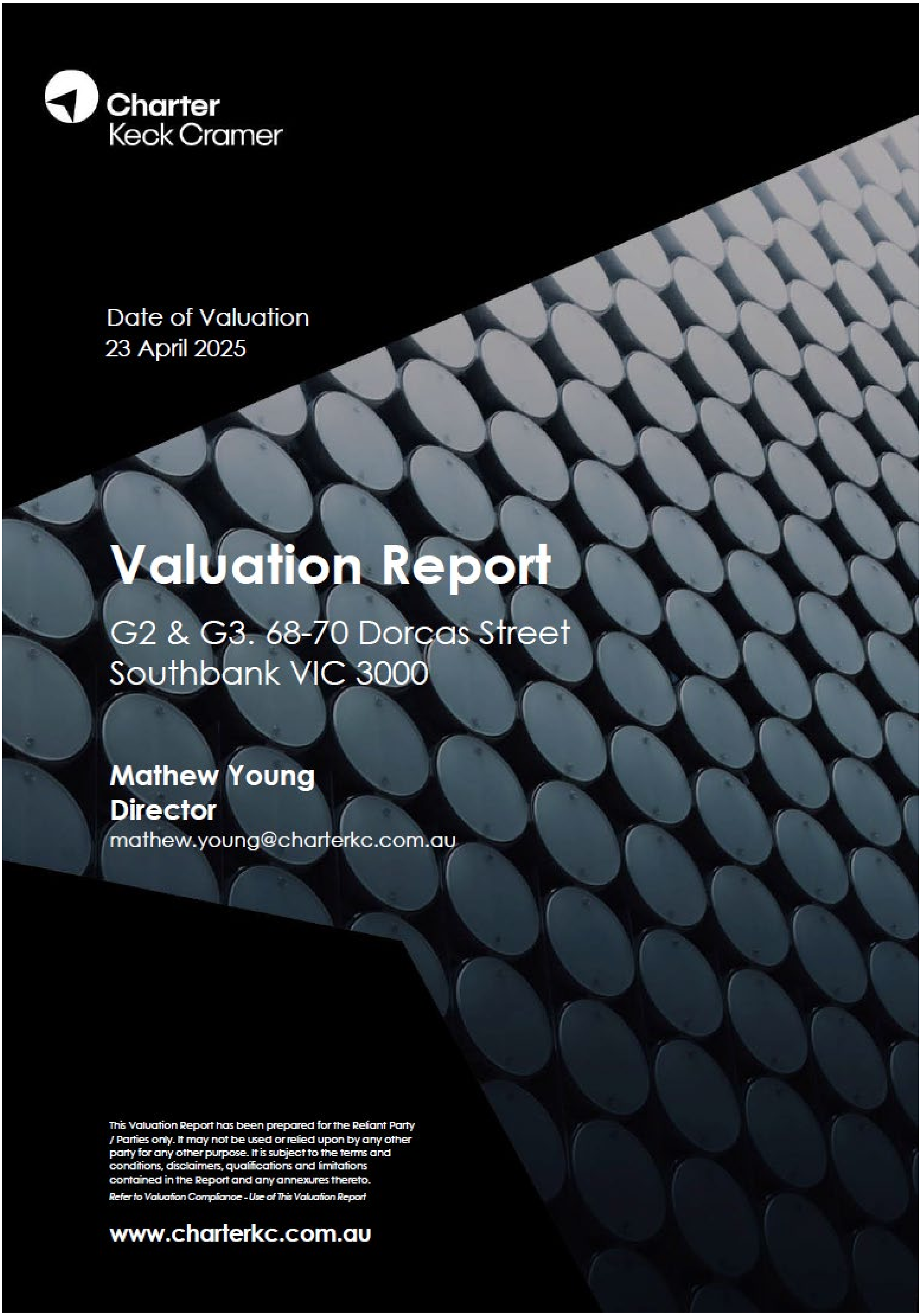
Valuation Methodology	
Primary Method	Direct Sales Comparison

Valuation Summary	
Date of Inspection and Valuation	11 April 2025 *Refer to Assumptions / Qualifications - Date of Valuation*
Valuation	**$600,000 (Exclusive of GST)** Six Hundred Thousand Dollars
Land Value Rate	$120 p.s.m.

Prepared By Charter Keck Cramer Pty Ltd	
Primary Valuer	**Counter-Signatory**
Gerard Righetti, AAPI Certified Practising Valuer API Member: 62842 Director	Craig G Kilby, AAPI Certified Practising Valuer API Member: 62581 Executive Director

NOTE: This Executive Summary should be read in conjunction with the entirety of this Valuation Report, in particular (but not limited to) the Valuation Compliance, Asset Profile and Assumptions/Qualifications sections.

G. Charter Keck Cramer – Valuation of 68A and 68B Dorcas Street Southbank



Charter Keck Cramer

Date of Valuation
23 April 2025

Valuation Report

G2 & G3. 68-70 Dorcas Street Southbank VIC 3000

Mathew Young
Director
mathew.young@charterkc.com.au

www.charterkc.com.au

G2 & G3. 68-70 Dorcas Street, Southbank

Dorcas Street Frontage

Charter Keck Cramer

Executive Summary

G2 & G3. 68-70 Dorcas Street, Southbank

Instructions	
Instructing Party	RSM Corporate Australia Pty Ltd
Ordered By	Henry Townsing
Reliant Party / Parties	RSM Corporate Australia Pty Ltd
Interest Valued	Market value of the freehold interest subject to lease
Date of Instruction	26 March 2025
Purpose	Financial reporting
Borrower / Applicant	Marcarthur National Limited

Property Description	
Property Type	Two conjoined retail / office lots.
Brief Description	Two conjoined retail / office lots located on the ground floor of the Kings Domain Apartment development. We have assessed the two lots as a single transaction / entity.
Highest and Best Use	Continued commercial use. *Refer to Assumptions / Qualifications - Highest and Best Use*
Site Area	Subject forms part of a parent development.
Building Area (GLAR)	125 sq.m.
Car Parking	2 Spaces
Zoning	*Mixed Use Zone*
Overlay(s)	*Land Subject to Inundation Overlay – Schedule 3* *Design and Development Overlay – Schedule 27* *Design and Development Overlay – Schedule 60 (Area 5a)* *Design and Development Overlay – Schedule 1* *Design and Development Overlay – Schedule 60* *Parking Overlay – Precinct 12*
Title Details	Volume 11962 Folio 434
Registered Proprietor	EFM Nominee Services No. 2 Pty Ltd

Occupancy Summary	
Lessee	Roybel Pty Ltd
Term / Options	5.00 Years / 5 Years
Commencement Date	22 February 2024
Remaining Lease Term	3.84 years
Base Passing Rental	$46,550 p.a. or $372 p.s.m.p.a. before adjustment for outgoings
Reviews	4.00%
Outgoings	Lessee responsibility excluding Land Tax

Valuation Methodology	
Primary Method	Income Capitalisation
Secondary Method	Direct Sales Comparison (Improved)

Valuation Summary	
Date of Inspection	23 April 2025
Date of Valuation	23 April 2025 *Refer to Assumptions / Qualifications - Date of Valuation*
Passing Net Rental	$45,575 p.a. ($365 p.s.m.p.a.) after land tax adjustment
Assessed Net Rental	$45,575 p.a. ($365 p.s.m.p.a.) after land tax adjustment
Capitalisation Rate	5.00%
Initial / Passing Yield	5.06%
Building Value Rate	$7,250 p.s.m. (adopted) $7,200 p.s.m. (actual)
Valuation	**$900,000 (Exclusive of GST)** Nine Hundred Thousand Dollars

Prepared By Charter Keck Cramer Pty Ltd
Primary Valuer
Mathew Young Certified Practising Valuer API Member: 84007 Director

H. Opteon – Valuation of 8 Upton Drive Officer

OPTEON

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Valuation Report

8 Upton Drive
Officer, Victoria 3809
File Ref: 20054203

VALUATION REPORT

8 Upton Drive
Officer, Victoria 3809

Prepared For	RSM Australia Pty Ltd in their capacity as advisor to Macarthur National Limited
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the existing lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Valuation Date	3 April 2025
File Reference	20054203
Client Reference	Macarthur National Limited
Inspection Type	Full Inspection

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ABN 78 144 732 589
Liability limited by a scheme approved under Professional Standards Legislation

P 1300 40 50 60
E info@opteonsolutions.com
W www.opteonsolutions.com

1.0 Executive Summary

1.1 Instructions

Instructing Party	Andrew Clifford, RSM Australia Pty Ltd
Client and Intended User	Macarthur National Limited
Other Intended Users/Additional Client Information	Nil
Client Reference	Macarthur National Limited
Property Address /Asset Valued	8 Upton Drive, Officer, Victoria 3809
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the existing lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Macarthur National Limited and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.
Inspection	A sufficiently comprehensive inspection of the property was completed.

1.2 Property Details

Property Description	A single level purpose built child care centre constructed in 2017 which has a capacity for the care of 128 children. The lessee has a current Service Approval which allows for the education and care of 120 children as this is their preferred operating capacity. This valuation has been conducted in accordance with the conditions of the planning permit which allows a maximum of 128 children to be cared for on the premises at any one time. See Assumptions & Recommendations.
Title Reference	Lot LA Plan of Subdivision 734522A Volume 11627 Folio 774
Tenure Type	Freehold
Registered Proprietor	CVCV Child Care No 1 Pty Ltd
Total Title Area	2,700 sqm
Licensed Child Places (LCP)	128 in accordance with the planning permit
Zoning	Urban Growth.

1.3 Property Profile

Occupancy/Cash Flow

Occupancy Status	Occupied by Amiga Montessori Officer Pty Ltd (a related party to the registered proprietor) pursuant to a 20 year lease commencing 10 August 2017 with two options each of 10 years
Lease Nature	Net

Tenant Profile	Amiga Montessori Officer Pty Ltd is a company associated with Montessori Beginnings; an experienced child care provided with 11 centres operating in Victoria.
WALE	12.36 years
Rent Arrears	Nil, as advised
Leasing Demand	Leasing demand for the property is currently strong with low vacancy rates for similar premises.
Letting Period	3 - 6 months
Income Growth Prospects	Income growth prospects are limited pursuant to the provisions of the current lease.
Outgoings	Payable by the lessee, excluding land tax
Incentives	Incentives are prevalent within the current market for this type of property, with incentives common place in order to attract/entice new tenants to vacant space.
Cash Flow Volatility	The cash flow from the property is considered to be of moderate volatility.
Lease Renewals	Two options each of 10 years

Market

Marketability	Considered to be good as a result of the child care use, purpose built improvements, and the WALE of 12.36 years. It occupies a location within the Timbertop Estate and notably within walking distance of Orchard Park Primary School.
Market Activity	A reasonable level of transactional activity for childcare assets primarily by investors, with childcare perceived as a defensive asset class being significantly supported/funded by the Federal Government. Increases in interest rates resulted in a period of yield expansion and reduced transactional volumes throughout 2022 and 2023, albeit with sales activity increasing through 2024 and into the early part of 2025 with yields appearing to have now stabilised. We comment that there have been very few transactions of strata child care centre properties as these can be somewhat difficult to transact.
Recent Market Direction	Appears steady having transitioned from a "top of cycle" position.
Market Volatility	A relatively moderate market volatility. The market peaked through 2021 to 2022 and is currently weaker because of inflationary pressures and higher interest rates. The market stabilised through 2024, and current yields fall into the range of say 5.5% to 6.0% for most metropolitan centres. Child care centres are typically viewed as an essential service and are generally less susceptible to significant market volatility. An increase in yields, all other factors held constant, will result in a reduction in market value.
Market Supply/Stock Levels	Currently stable stock levels.
Likely Buyer Profile	Investor, subject to the current lease.

Asset

Highest & Best Use	The highest and best use for the property is considered to be the existing use as a child care centre.
Functionality	The property is functional for the existing use.
Specialisation	Purpose built asset but non-specialised, with similar properties traded in the market.
Capital Expenditure	No items requiring immediate capital expenditure were noted during the inspection, excepting items which would normally be undertaken as part of regular repairs and maintenance.

Other Factors	The viability of a child care centre is heavily reliant on the ability of the operator to achieve and maintain occupancy. Financiers should be aware that the value of the freehold interest can be affected should the business operator fail to achieve and/or maintain sufficient revenue and profit levels, resulting in an inability to pay rent. Should the business deteriorate, there may be a real perception of diminished reputation which may negatively affect the freehold value.

Asset Management

Asset Complexity	The property is a standard asset class requiring fairly passive management, but we would recommend an agent with experience in the child care sector.
Current Management	The owner

1.4 SWOT Analysis

Strengths	• Corner site with three street frontages • Located within proximity to primary schools • No evidence of a requirement for capital expenditure in the short to medium term • Long WALE • Occupied by an experienced child care provider
Weaknesses	• Forms part of a location with an identified likely average level of demand for child care services • Non-recoverable land tax
Opportunities	• Increase the service approval in line with the planning permit • Refurbishment/upgrading of premises • Review of statutory assessments with view to achieving savings in statutory outgoings
Threats	• Rising land tax liability • The subject market has passed the 'top of the cycle' resulting in some risk of volatility and/or declining market conditions • Deterioration in condition of improvements and reduction in value if maintenance deferred or neglected • Development of competing premises • Downturn in the property market and/or economic climate • Economic factors including interest rates • Increase in outgoings, resulting in reduction in net rental • Inherent property risks (including insurable and un-insurable risks) • Tenant vacating premises at end of existing lease • Rising building insurance premiums impacting outgoings and tenant rental affordability • The service approval cannot be increased to 128 places

1.5 Assumptions & Recommendations:

Significant and Verifiable Assumptions	• The instructions and information supplied contain a full disclosure of all information that is relevant. • Some of the adopted outgoings are estimated in the absence of actual outgoings. Should actual outgoings differ from that described within our valuation report, we reserve the right to review and amend our assessment accordingly.

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	• Critical Assumption that the service approval can be increased in accordance with the planning permit to allow for the education and care of 128 children. The lessee obtained a service approval for 120 places in 2018 as this was their preferred operating capacity. This valuation is conducted on the basis that there is no issue with the building or outdoor playscape that would prohibit a service approval being issued for 128 places in accordance with the maximum capacity of the planning permit. Should any subsequent investigations reveal otherwise then this valuation must be referred to us for amendment.
Assumptions Requiring Further Consultancy	None recommended
Recommended Documents to Sight	None recommended

1.6 Key Valuation Outputs

Passing Net Income	$440,944 per annum
Market Net Income	$440,944 per annum
Initial Yield	6.00%
Equivalent Market Yield	6.00%
Market Value Rate	$57,422/LCP $2,722/sqm site area (as improved)

1.7 Valuation Details

As Is:

Market Value subject to the Existing Lease:	$7,350,000

This valuation is exclusive of GST

Interest Valued	Fee simple subject to existing lease, unencumbered by any mortgage or other charge.
Inspection Date	3 April 2025
Valuation Date	3 April 2025
Date Issued	3 May 2025
Expiry of Valuation	This valuation is current as at the Valuation Date only. The value assessed herein 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). We do not accept liability for losses arising from such subsequent changes in value.
Signatories	**Martyn Boyle** AAPI CPV Senior Director- Specialised Real Estate API No: 62775 **Valuer** PH 0429 511 823 martyn.boyle@opteonsolutions.com **Doug Shorten** AAPI CPV Head of Department - Social Infrastructure API No: 75639 WA Lic No: 44826 **Supervising Member**

Important	*This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.*
Supervising Member Declaration	*The Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Valuer. The Supervising Member did not inspect the subject property and may not have inspected comparable evidence. The value has been concluded by the Valuer who undertook the inspection and prepared the valuation calculations. The Supervising Member confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.*

I. Opteon – Valuation of 6 Samsara Avenue Truganina

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Valuation Report

6 Samsara Avenue
Truganina, Victoria 3029

File Ref: 20054293

VALUATION REPORT

6 Samsara Avenue
Truganina, Victoria 3029

Prepared For	RSM Australia Pty Ltd in their capacity as advisor to Macarthur National Limited
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the existing lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Valuation Date	2 April 2025
File Reference	20054293
Client Reference	Macarthur National Limited
Inspection Type	Full Inspection

1.0 Executive Summary

1.1 Instructions

Instructing Party	Andrew Clifford, RSM Australia Pty Ltd
Client and Intended User	Macarthur National Limited
Other Intended Users/Additional Client Information	Nil
Client Reference	Macarthur National Limited
Property Address /Asset Valued	6 Samsara Avenue, Truganina, Victoria 3029
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the existing lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited. This valuation has not been prepared for mortgage purposes and no recommendation is made as to the suitability of the property for that purpose.
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Macarthur National Limited and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.
Inspection	A sufficiently comprehensive inspection of the property was completed.

1.2 Property Details

Property Description	A single level purpose built child care centre constructed in 2017. The lessee has a current Service Approval which allows for the education and care of 88 children as this is their preferred operating capacity. This valuation has been conducted in accordance with the conditions of the planning permit which allows a maximum of 103 children to be cared for on the premises at any one time. The current lease also denotes the permitted use as a 103 place centre, and it is on this basis that value has been assessed. See Assumptions & Recommendations.
Title Reference	Plan of Consolidation 375416M Volume 11609 Folio 089
Tenure Type	Freehold
Registered Proprietor	CVCV Child Care No. 1 Pty Ltd
Total Title Area	2,272 sqm
Licensed Child Places (LCP	103 in accordance with the planning permit
Zoning	General Residential.

1.3 Property Profile

Occupancy/Cash Flow

Occupancy Status	Occupied by Think Leakes Pty Ltd pursuant to a 20 year lease commencing 28 December 2016
Lease Nature	Net

Tenant Profile	Think Leakes Pty Ltd is a company associated with Nido Education Limited, an experienced provider of child care service with more than 100 centres operating throughout Australia.
WALE	11.75 years
Rent Arrears	Nil, as advised
Leasing Demand	Leasing demand for the property is currently strong with low vacancy rates for similar premises.
Letting Period	3 - 6 months
Income Growth Prospects	Income growth prospects are limited pursuant to the provisions of the current lease.
Outgoings	Payable by the lessee, excluding land tax and management fees
Incentives	Incentives are prevalent within the current market for this type of property, with incentives common place in order to attract/entice new tenants to vacant space.
Cash Flow Volatility	The cash flow from the property is considered to be of moderate volatility.
Lease Renewals	Two options each of 10 years
Other	We acknowledge that the lessee has a service approval allows for the education and care of 88 children as we understand this is their preferred operating capacity. The building was constructed in accordance with the planning permit which has a capacity for 103 children. We also note that the permitted use in the current lease specifies 103 children, and whilst the permitted use specifies other such number as is agreed between the landlord and the tenant with an adjustment in the rental as applicable, we have been informed that no such adjustment has been agreed. Accordingly it is on the basis of 103 places that value has been assessed.

Market

Marketability	Good as a result of the strong lessee profile and WALE of 11.75 years. The property occupied a corner site with three street frontages, and it falls into a relatively affordable capital value range for a child care centre investment.
Market Activity	A reasonable level of transactional activity for childcare assets primarily by investors, with childcare perceived as a defensive asset class being significantly supported/funded by the Federal Government. Increases in interest rates resulted in a period of yield expansion and reduced transactional volumes throughout 2022 and 2023, albeit with sales activity increasing through 2024 and yields appearing to have now stabilised. Several centres have been offered for sale in early 2025 and discussions with agents anticipate an increase in enquiries due to the prospect of lower interest rates noting the RBA interest rate cut in February 2025.
Recent Market Direction	Appears steady having transitions from a "top of market" position.
Market Volatility	A relatively moderate market volatility. The market peaked through 2021 to 2022 and is currently weaker because of inflationary pressures and higher interest rates. The market stabilised through 2024, and current yields fall into the range of say 5.5% to 6.0% for most metropolitan centres. Child care centres are typically viewed as an essential service and are generally less susceptible to significant market volatility. An increase in yields, all other factors held constant, will result in a reduction in market value.
Market Supply/Stock Levels	Currently stable stock levels.
Likely Buyer Profile	Investor.

Asset

Highest & Best Use	The highest and best use for the property is considered to be the existing use as a child care centre.

Functionality	The property is functional for the existing use.
Specialisation	Purpose built asset but non-specialised, with similar properties traded in the market.
Capital Expenditure	No items requiring immediate capital expenditure were noted during the inspection, excepting items which would normally be undertaken as part of regular repairs and maintenance.
Other Factors	The viability of a child care centre is heavily reliant on the ability of the operator to achieve and maintain occupancy. Financiers should be aware that the value of the freehold interest can be affected should the business operator fail to achieve and/or maintain sufficient revenue and profit levels, resulting in an inability to pay rent. Should the business deteriorate, there may be a real perception of diminished reputation which may negatively affect the freehold value.

Asset Management

Asset Complexity	The property is a standard asset class requiring fairly passive management, but we would recommend an agent with experience in the child care sector.
Current Management	The owner

1.4 SWOT Analysis

Strengths	• No evidence of a requirement for capital expenditure in the short to medium term • Corner site with three street frontages • Occupied by an experienced child care provider • Long WALE • General strength of the child care investment market
Weaknesses	• Non-recoverable land tax • Forms part of a location with an identified likely average level of demand for child care services • Limited (if any) alternative use as the improvements are purpose built • Passing income is below a market level
Opportunities	• Refurbishment/upgrading of premises • Rental growth opportunities • Review of statutory assessments with view to achieving savings in statutory outgoings, in particular land tax • Increase the service approval in line with the planning permit
Threats	• Rising land tax liability • The subject market has passed the 'top of the cycle' resulting in some risk of volatility and/or declining market conditions • Default by sitting tenant • Development of competing premises • Downturn in the property market and/or economic climate • Economic factors including interest rates • Increase in outgoings, resulting in reduction in net rental • Inherent property risks (including insurable and un-insurable risks) • Tenant vacating premises at end of existing lease • Rising building insurance premiums impacting outgoings and tenant rental affordability • The service approval cannot be increased to 103 places

1.5 Assumptions & Recommendations:

Significant and Verifiable Assumptions	• The instructions and information supplied contain a full disclosure of all information that is relevant. • Some of the adopted outgoings are estimated in the absence of actual outgoings. Should actual outgoings differ from that described within our valuation report, we reserve the right to review and amend our assessment accordingly. • Critical Assumption. This valuation is conducted on the basis that a service approval can be issued allowing for the education and care of 103 children in line with the planning permit.
Assumptions Requiring Further Consultancy	None recommended
Recommended Documents to Sight	None recommended

1.6 Key Valuation Outputs

Passing Net Income	$309,646 per annum
Market Net Income	$353,150 per annum
Initial Yield	5.08%
Equivalent Market Yield	5.72%
Market Value Rate	$59,223/LCP $2,685/sqm site area (as improved)

1.7 Valuation Details

As Is:

Market Value subject to the Existing Lease:	**$6,100,000**

This valuation is exclusive of GST

Interest Valued	Fee simple subject to existing lease, unencumbered by any mortgage or other charge.
Inspection Date	2 April 2025
Valuation Date	2 April 2025
Date Issued	3 May 2025
Expiry of Valuation	This valuation is current as at the Valuation Date only. The value assessed herein 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). We do not accept liability for losses arising from such subsequent changes in value.
Signatories	**Martyn Boyle** AAPI CPV Senior Director- Specialised Real Estate API No: 62775 **Valuer** PH 0429 511 823 martyn.boyle@opteonsolutions.com **Doug Shorten** AAPI CPV Head of Department - Social Infrastructure API No: 75639 WA Lic No: 44826 **Supervising Member**

Important	*This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.*
Supervising Member Declaration	*The Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Valuer. The Supervising Member did not inspect the subject property and may not have inspected comparable evidence. The value has been concluded by the Valuer who undertook the inspection and prepared the valuation calculations. The Supervising Member confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.*

J. Opteon - Valuation of 3 Case Street Maribyrnong

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Valuation Report

Lot G02, 3 Case Street
Maribyrnong, Victoria 3032
File Ref: 20034284

VALUATION REPORT

Lot G02, 3 Case Street
Maribyrnong, Victoria 3032

Prepared For	RSM Australia Pty Ltd in their capacity as advisor to Macarthur National Limited
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the existing lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Valuation Date	2 April 2025
File Reference	20034284
Client Reference	Macarthur National Limited
Inspection Type	Full Inspection

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1.0 Executive Summary

1.1 Instructions

Instructing Party	Andrew Clifford, RSM Australia Pty Ltd
Client and Intended User	Macarthur National Limited
Other Intended Users/Additional Client Information	Nil
Client Reference	Macarthur National Limited
Property Address /Asset Valued	Lot G02, 3 Case Street, Maribyrnong, Victoria 3032
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the existing lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited. This valuation has not been prepared for mortgage purposes and no recommendation is made as to the suitability of the property for that purpose.
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Macarthur National Limited and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.
Inspection	A sufficiently comprehensive inspection of the property was completed.

1.2 Property Details

Property Description	A subdivided lot which is utilised as a child care centre with a capacity for the education and care of 96 children which is less that the capacity specified in the planning permit, and it is on this basis that value has been assessed. The property is on the ground level of a five storey mixed use development within the inner western suburb of Maribyrnong.
Title Reference	Lot G02 Plan of Subdivision 827188S Volume 12301 Folio 210
Tenure Type	Strata Title
Registered Proprietor	EFM Nominee Services No. 2 Pty Ltd
Total Title Area	5,078 sqm (parent title)
Licensed Child Places (LCP)	96
Zoning	Comprehensive Development.

1.3 Property Profile

Occupancy/Cash Flow

Occupancy Status	Occupied by Montessori Beginnings Maribyrnong Pty Ltd (a related party to the registered proprietor) pursuant to a 10 year lease commencing 11 May 2022 with two further terms of 10 years and one further term of five years.
Lease Nature	Net

Tenant Profile	Montessori Beginnings Maribyrnong Pty Ltd is a company associated with Montessori Beginnings, an experienced provider of child care services with 11 services operating in Victoria.
WALE	7.11 years
Rent Arrears	Nil, as advised
Leasing Demand	Leasing demand for the property is currently strong with low vacancy rates for similar premises.
Letting Period	3 – 6 months
Income Growth Prospects	Income growth prospects are limited pursuant to the provisions of the current lease.
Outgoings	Payable by the lessee, excluding land tax
Incentives	Incentives are prevalent within the current market for this type of property, with incentives common place in order to attract/entice new tenants to vacant space.
Cash Flow Volatility	The cash flow from the property is considered to be of moderate volatility.
Lease Renewals	Two further terms of 10 years and one further term of five years
Other Factors	The lease commencement date has been advised by Macarthur National Limited as being the date of appointment of EFM Nominee Services Pty Limited as Trustee

Market

Marketability	A reasonable level of demand can be expected because of the child care use, the inner suburban location, and the WALE of 7.11 years. The improvements have also been constructed to a high standard. However, purchasers for strata titles are somewhat limited and these types of assets usually appeal to more "bullish" style investors seeking higher levels of return.
Market Activity	A reasonable level of transactional activity for childcare assets primarily by investors, with childcare perceived as a defensive asset class being significantly supported/funded by the Federal Government. Increases in interest rates resulted in a period of yield expansion and reduced transactional volumes throughout 2022 and 2023, albeit with sales activity increasing through 2024 and into the early part of 2025 with yields appearing to have now stabilised. We comment that there have been very few transactions of strata child care centre properties as these can be somewhat difficult to transact.
Recent Market Direction	Appears steady having transitions from a "top of cycle" position.
Market Volatility	Moderate market volatility. The market peaked through 2021 to 2022 and is currently weaker because of inflationary pressures and higher interest rates. The market stabilised through 2024, and current yields fall into the range of say 5.5% to 6.75% for most metropolitan centres. Child care centres are typically viewed as an essential service and are generally less susceptible to significant market volatility. An increase in yields, all other factors held constant, will result in a reduction in market value.
Market Supply/Stock Levels	Currently stable stock levels.
Marketing Period	Estimated 3 - 6 months, assuming proper marketing and a realistic asking price. The estimated marketing period is typical for the property type in this location in the current market.
Likely Buyer Profile	Investor, subject to the current lease.

Asset

Highest & Best Use	The highest and best use for the property is considered to be the existing use as a child care centre.
Functionality	The property is functional for the existing use.

Specialisation	Purpose built asset but non-specialised, with similar properties traded in the market. The property may be converted for some other form of commercial use such as office, medical centre, or gymnasium (STCA) should the child care use discontinue.
Capital Expenditure	No items requiring immediate capital expenditure were noted during the inspection, excepting items which would normally be undertaken as part of regular repairs and maintenance.
Other Factors	The viability of a child care centre is heavily reliant on the ability of the operator to achieve and maintain occupancy. Financiers should be aware that the value of the freehold interest can be affected should the business operator fail to achieve and/or maintain sufficient revenue and profit levels, resulting in an inability to pay rent. Should the business deteriorate, there may be a real perception of diminished reputation which may negatively affect the freehold value.

Asset Management

Asset Complexity	The property is a standard asset class requiring fairly passive management, but we would recommend an agent with experience in the child care sector.
Current Management	The owner

1.4 SWOT Analysis

Strengths	• No evidence of a requirement for capital expenditure in the short to medium term • Overall strength of the child care market • WALE of 7.11 years • Occupied by an experience child care provider • Proximity to major arterial roads • Proximity to transport infrastructure • General standard of fixtures and fittings appears high
Weaknesses	• Strata title forming part of an owner's corporation environment • Forms part of a location with an identified likely average level of demand for child care services • Car parking provided on a shared basis and not contained on title • The service has a current 'working towards NQS' rating • Non-recoverable land tax
Opportunities	• Increase the service approval in line with the planning permit • Review of statutory assessments with view to achieving savings in statutory outgoings, in particular land tax • Conversion to office, medical or gymnasium use should the child care use discontinue (STCA)
Threats	• The subject market has passed the 'top of the cycle' resulting in some risk of volatility and/or declining market conditions • Potential Owners Corporation issues • Deterioration in condition of improvements and reduction in value if maintenance deferred or neglected • Development of competing premises • Downturn in the property market and/or economic climate • Economic factors including interest rates • Increase in outgoings, resulting in reduction in net rental • Inherent property risks (including insurable and un-insurable risks) • Rising building insurance premiums impacting outgoings and tenant rental affordability.

1.5 Assumptions & Recommendations:

Significant and Verifiable Assumptions	• The instructions and information supplied contain a full disclosure of all information that is relevant. • The property has an equitable allocation of unit entitlement. • It is assumed there are no extraordinary items within the Owners' Corporation which could impact on the marketability or value of the property. • Some of the adopted outgoings are estimated in the absence of actual outgoings. Should actual outgoings differ from that described within our valuation report, we reserve the right to review and amend our assessment accordingly. • In accordance with your specific instructions, the property has been valued subject to the existing lease to Montessori Beginnings Maribyrnong Pty Ltd, a related party to the registered proprietor.
Assumptions Requiring Further Consultancy	None recommended
Documents Recommended to Sight	None recommended

1.6 Key Valuation Outputs

Passing Net Income	$363,227 per annum
Market Net Income	$413,670 per annum
Initial Yield	5.95%
Equivalent Market Yield	6.48%
Market Value Rate	$63,542/LCP

1.7 Valuation Details

As Is:

Market Value subject to the Existing Lease:	**$6,100,000**

This valuation is exclusive of GST

Interest Valued	Fee simple subject to existing lease, unencumbered by any mortgage or other charge.
Inspection Date	2 April 2025
Valuation Date	2 April 2025
Date Issued	3 May 2025
Expiry of Valuation	This valuation is current as at the Valuation Date only. The value assessed herein 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). We do not accept liability for losses arising from such subsequent changes in value.
Signatories	**Martyn Boyle** AAPI CPV Senior Director- Specialised Real Estate API No: 62775 **Valuer** PH 0429 511 823 martyn.boyle@opteonsolutions.com **Doug Shorten** AAPI CPV Head of Department - Social Infrastructure API No: 75639 WA Lic No: 44826 **Supervising Member**

Important	*This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.*
Supervising Member Declaration	*The Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Valuer. The Supervising Member did not inspect the subject property and may not have inspected comparable evidence. The value has been concluded by the Valuer who undertook the inspection and prepared the valuation calculations. The Supervising Member confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.*

K. Opteon - Valuation of 14-16 Spring Road Malvern

OPTEON

Valuation Report

Lot S2, 14 Spring Road
Malvern, Victoria 3144

File Ref: 20053915

VALUATION REPORT

Lot S2, 14 Spring Road
Malvern, Victoria 3144

Prepared For	RSM Australia Pty Ltd in their capacity as advisor to Macarthur National Limited
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the existing lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Valuation Date	1 April 2025
File Reference	20053915
Client Reference	Macarthur National Limited
Inspection Type	Full Inspection

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1.0 Executive Summary

1.1 Instructions

Instructing Party	Andrew Clifford, RSM Australia Pty Ltd
Client and Intended User	Macarthur National Limited
Other Intended Users/Additional Client Information	Nil
Client Reference	Macarthur National Limited
Property Address /Asset Valued	Lot S2, 14 Spring Road, Malvern, Victoria 3144
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the existing lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited. This valuation has not been prepared for mortgage purposes and no recommendation is made as to the suitability of the property for that purpose.
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Macarthur National Limited and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.
Inspection	A sufficiently comprehensive inspection of the property was completed.

1.2 Property Details

Property Description	A former church which was converted for use as a child care centre in 2020. The property is a subdivided lot forming part of an owner's corporation environment and is approved for the education and care of 58 children which is less that the capacity specified in the planning permit, and it is on this basis that value has been assessed. This is a result of the indoor play area on the second floor not being approved as outdoor space by the authority.
Title Reference	Lot S2 Plan of Subdivision 817500A Volume 12278 Folio 501
Tenure Type	Strata Title
Registered Proprietor	EFM Nominee Services No. 2 Pty Ltd
Total Title Area	1,957 sqm (Lot S2)
Licensed Child Places (LCP)	58
Zoning	General Residential.

1.3 Property Profile

Occupancy/Cash Flow

Occupancy Status	Occupied by Spring Kids Pty Ltd (a related party to the registered proprietor) pursuant to a 10 year lease commencing 11 May 2022 with one further term of 10 years and three further terms of five years.
Lease Nature	Net

Tenant Profile	Spring Kids Pty Ltd is a company associated with Montessori Beginnings, an experienced provider of child care services with 11 services operating in Victoria.
WALE	7.11 years
Rent Arrears	Nil, as advised
Leasing Demand	Leasing demand for the property is currently strong with low vacancy rates for similar premises.
Letting Period	3 months
Income Growth Prospects	Income growth prospects are limited pursuant to the provisions of the current lease.
Outgoings	Payable by the lessee, excluding land tax
Incentives	Incentives are prevalent within the current market for this type of property, with incentives common place in order to attract/entice new tenants to vacant space.
Lease Renewals	One further term of 10 years and three further terms of five years
Other Factors	The lease commencement date has been advised by Macarthur National Limited as being the date of appointment of EFM Nominee Services Pty Limited as Trustee

Market

Marketability	A reasonable level of demand can be expected because of the child care use, the inner suburban location, and the WALE of 7.11 years. The improvements have also been converted to a high standard and the property has good street appeal. However, purchasers for strata titles are somewhat limited and these types of assets usually appeal to more "bullish" style investors seeking higher levels of return.
Market Activity	A reasonable level of transactional activity for childcare assets primarily by investors, with childcare perceived as a defensive asset class being significantly supported/funded by the Federal Government. Increases in interest rates resulted in a period of yield expansion and reduced transactional volumes throughout 2022 and 2023, albeit with sales activity increasing through 2024 and into the early part of 2025 with yields appearing to have now stabilised. We comment that there have been very few transactions of strata child care centre properties as these can be somewhat difficult to transact.
Recent Market Direction	Appears steady having transitions from a "top of cycle" position.
Market Volatility	Moderate market volatility. The market peaked through 2021 to 2022 and is currently weaker because of inflationary pressures and higher interest rates. The market stabilised through 2024, and current yields fall into the range of say 5.5% to 6.75% for most metropolitan centres. Child care centres are typically viewed as an essential service and are generally less susceptible to significant market volatility. An increase in yields, all other factors held constant, will result in a reduction in market value.
Market Supply/Stock Levels	Currently stable stock levels.
Likely Buyer Profile	Investor, subject to the current lease.

Asset

Highest & Best Use	The highest and best use for the property is considered to be the existing use as a child care centre.
Functionality	The property is functional for the existing use.
Specialisation	A converted church which is now essentially purpose built as a child care centre which has limited alternative use without significant capital expenditure.

Capital Expenditure	No items requiring immediate capital expenditure were noted during the inspection, excepting items which would normally be undertaken as part of regular repairs and maintenance.
Other Factors	The viability of a child care centre is heavily reliant on the ability of the operator to achieve and maintain occupancy. Financiers should be aware that the value of the freehold interest can be affected should the business operator fail to achieve and/or maintain sufficient revenue and profit levels, resulting in an inability to pay rent. Should the business deteriorate, there may be a real perception of diminished reputation which may negatively affect the freehold value.

Asset Management

Asset Complexity	The property is a standard asset class requiring fairly passive management, but we would recommend an agent with experience in the child care sector.
Current Management	The owner

1.4 SWOT Analysis

Strengths	• No evidence of a requirement for capital expenditure in the short to medium term • Overall strength of the child care market • WALE of 7.11 years • Occupied by an experienced child care provider • Falls into an affordable capital value range for a child care centre investment appealing to a wide buyer pool • Located within proximity to multiple primary schools • Proximity to major arterial roads • Proximity to transport infrastructure • General standard of fixtures and fittings appears high
Weaknesses	• Strata title forming part of an owner's corporation environment • The car parking is located within the adjoining residential development • Limited (if any) alternative use other than residential which would be subject to significant conversion costs • Non-recoverable land tax • Relatively high land tax liability for a subdivided lot • Forms part of a location with an identified likely average level of demand for child care services • Below market income
Opportunities	• Increase the service approval in line with the planning permit • Rental growth • Review of statutory assessments with view to achieving savings in statutory outgoings, in particular land tax
Threats	• The subject market has passed the 'top of the cycle' resulting in some risk of volatility and/or declining market conditions • Potential Owners Corporation issues • Deterioration in condition of improvements and reduction in value if maintenance deferred or neglected • Development of competing premises • Downturn in the property market and/or economic climate • Economic factors including interest rates • Increase in outgoings, resulting in reduction in net rental • Inherent property risks (including insurable and un-insurable risks) • Rising building insurance premiums impacting outgoings and tenant rental affordability.

1.5 Assumptions & Recommendations:

Significant and Verifiable Assumptions	• The instructions and information supplied contain a full disclosure of all information that is relevant. • The property has an equitable allocation of unit entitlement. • It is assumed there are no extraordinary items within the Owners' Corporation which could impact on the marketability or value of the property. • Some of the adopted outgoings are estimated in the absence of actual outgoings. Should actual outgoings differ from that described within our valuation report, we reserve the right to review and amend our assessment accordingly. • In accordance with your specific instructions, the property has been valued subject to the existing lease to Spring Kids Pty Ltd, a related party to the registered proprietor.
Assumptions Requiring Further Consultancy	None recommended
Recommended Documents to Sight	None recommended

1.6 Key Valuation Outputs

Passing Net Income	$274,252 per annum
Market Net Income	$293,550 per annum
Initial Yield	5.71%
Equivalent Market Yield	5.98%
Market Value Rate	$82,759/LCP

1.7 Valuation Details

As Is:

Market Value subject to the Existing Lease:	**$4,800,000**
This valuation is exclusive of GST	

Interest Valued	Fee simple subject to existing lease, unencumbered by any mortgage or other charge.
Inspection Date	1 April 2025
Valuation Date	1 April 2025
Date Issued	3 May 2025
Expiry of Valuation	This valuation is current as at the Valuation Date only. The value assessed herein 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). We do not accept liability for losses arising from such subsequent changes in value.
Signatories	**Martyn Boyle** AAPI CPV Senior Director- Specialised Real Estate API No: 62775 **Valuer** PH 0429 511 823 martyn.boyle@opteonsolutions.com **Doug Shorten** AAPI CPV Head of Department - Social Infrastructure API No: 75639 WA Lic No: 44826 **Supervising Member**

Important	*This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.*
Supervising Member Declaration	*The Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Valuer. The Supervising Member did not inspect the subject property and may not have inspected comparable evidence. The value has been concluded by the Valuer who undertook the inspection and prepared the valuation calculations. The Supervising Member confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.*

L. Opteon - Valuation of 757 Sandilong Ave Irymple

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Valuation Report

757 Sandilong Avenue
Irymple, Victoria 3498

File Ref: 20054064

VALUATION REPORT

757 Sandilong Avenue
Irymple, Victoria 3498

Prepared For	RSM Australia Pty Ltd in their capacity as advisor to Macarthur National Limited
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the proposed lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Valuation Date	8 April 2025
File Reference	20054064
Client Reference	Macarthur National Limited
Inspection Type	Full Inspection

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E info@opteonsolutions.com
W www.opteonsolutions.com

1.0 Executive Summary

1.1 Instructions

Instructing Party	Andrew Clifford, RSM Australia Pty Ltd
Client and Intended User	Macarthur National Limited
Other Intended Users/Additional Client Information	Nil
Client Reference	Macarthur National Limited
Property Address /Asset Valued	757 Sandilong Avenue, Irymple, Victoria 3498
Valuation Purpose and Intended Use	To assess the current market value of the property subject to the proposed lease in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Macarthur National Limited and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.
Inspection	A sufficiently comprehensive inspection of the property was completed.

1.2 Property Details

Property Description	A single level child care centre with a proposed capacity of 112 children. Construction is nearing completion with minor works to complete the landscaping and road upgrades. An occupancy permit and service approval have not yet been issued.
Title Reference	Lot 1 Plan of Subdivision 641574 Volume 11647 Folio 400
Tenure Type	Freehold
Registered Proprietor	EFM Nominees Services No. 2 Pty Ltd
Total Title Area	6,249 sqm
Licensed Child Places (LCP)	112 in accordance with the planning permit
Zoning	Special Use (SUZ8).

1.3 Property Profile

Occupancy/Cash Flow

Occupancy Status	Occupied by Montessori Beginnings Irymple Pty Ltd (a related party to the registered proprietor) pursuant to a proposed 15 year lease (less one day) commencing 30 days after the date of practical completion.
Lease Nature	Net
Tenant Profile	Montessori Beginnings Irymple Pty Ltd is a company associated with Montessori Beginnings, an experienced child care provider with 11 centres operating in Victoria.
WALE	14.99 years

Rent Arrears	Nil. Lease has not yet commenced
Leasing Demand	Leasing demand for the property is currently good with low vacancy rates for similar premises.
Letting Period	3 - 6 months
Income Growth Prospects	Income growth prospects are limited pursuant to the provisions of the proposed lease.
Incentives	Incentives are prevalent within the current market for this type of property, with incentives common place in order to attract/entice new tenants to vacant space.
Cash Flow Volatility	The cash flow from the property is considered to be of moderate volatility.
Lease Renewals	One further term of 10 years and three further terms of five years

Market

Marketability	Good as a result of the new improvements and proposed lease term of 15 years. The property is occupied by an experienced provider of child care services although the regional location is likely to deter some buyers.
Market Activity	A reasonable level of transactional activity for childcare assets primarily by investors, with childcare perceived as a defensive asset class being significantly supported/funded by the Federal Government. Increases in interest rates resulted in a period of yield expansion and reduced transactional volumes throughout 2022 and 2023, albeit with sales activity increasing through 2024 and yields appearing to have now stabilised. Several centres have been offered for sale in early 2025 and discussions with agents anticipate an increase in enquiries due to the prospect of lower interest rates noting the RBA interest rate cut in February 2025.
Recent Market Direction	Appears steady after transitioning from a "top of cycle" position.
Market Volatility	A relatively moderate market volatility. The market peaked through 2021 to 2022 and is currently weaker because of inflationary pressures and higher interest rates. The market stabilised through 2024, and current yields fall into the range of say 6.0% to 6.5% for most regional Victoria centres. Child care centres are typically viewed as an essential service and are generally less susceptible to significant market volatility. An increase in yields, all other factors held constant, will result in a reduction in market value.
Market Supply/Stock Levels	Currently stable stock levels.
Likely Buyer Profile	Investor, subject to the proposed lease.

Asset

Highest & Best Use	The highest and best use for the property is considered to be the proposed use as a child care centre.
Functionality	The property is functional for the proposed use.
Specialisation	Purpose built asset but non-specialised, with similar properties traded in the market.
Capital Expenditure	There are outstanding works relating to landscaping and road upgrades with an advised cost to complete of $390,727 excluding GST.
Capital Expenditure (estimated allowance)	$390,727 excluding GST
Other Factors	The viability of a child care centre is heavily reliant on the ability of the operator to achieve and maintain occupancy. Financiers should be aware that the value of the freehold interest can be affected should the business operator fail to achieve and/or maintain sufficient revenue and profit levels, resulting in an inability to pay rent. Should the business deteriorate, there may be a real perception of diminished reputation which may negatively affect the freehold value.

Asset Management

Asset Complexity	The property is a standard asset class requiring fairly passive management, but we would recommend an agent with experience in the child care sector.
Current Management	The owner

1.4 SWOT Analysis

Strengths	• Tax Depreciation benefits • Location opposite a primary school • Rental growth potential • Corner site with dual Street frontages • Long WALE • Occupied by an experienced child care provider
Weaknesses	• Low land value component • The regional location may deter some buyers • Below market income • Non-recoverable land tax • Forms part of a location with an identified likely average level of demand for child care services
Opportunities	• Complete the outstanding works • Further development (subject to Council approvals) • Review of statutory assessments with view to achieving savings in statutory outgoings, in particular land tax
Threats	• The subject market has passed the 'top of the cycle' resulting in some risk of volatility and/or declining market conditions • Default by sitting tenant • Development of competing premises • Downturn in the property market and/or economic climate • Economic factors including interest rates • Increase in outgoings, resulting in reduction in net rental • Inherent property risks (including insurable and un-insurable risks) • Tenant vacating premises at end of existing lease • Rising building insurance premiums impacting outgoings and tenant rental affordability • A service approval is issued for less than 112 LCP

1.5 Assumptions & Recommendations:

Significant and Verifiable Assumptions	• The instructions and information supplied contain a full disclosure of all information that is relevant. • Some of the adopted outgoings are estimated in the absence of actual outgoings. Should actual outgoings differ from that described within our valuation report, we reserve the right to review and amend our assessment accordingly. • The valuation is assessed on the basis that the proposed lease will be executed in accordance with the information supplied. We reserve the right to review and if necessary, alter the valuation if there are any material changes to the lease terms in the executed lease. • The valuation is conditional upon the issue of an Occupancy Permit and a Service Approval allowing for the education and care of 112 children

Assumptions Requiring Further Consultancy	None recommended
Recommended Documents to Sight	• Occupancy Permit • Service Approval

1.6 Key Valuation Outputs

Passing Net Income	$331,362 per annum
Market Net Income	$376,162 per annum
Initial Yield	6.37%
Equivalent Market Yield	6.25%
Market Value Rate	$46,429/LCP $832/sqm site area (as improved)

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1.7 Valuation Details

As Is:

Market Value subject to the Proposed Lease:	**$5,200,000**

This valuation is exclusive of GST

Interest Valued	Fee simple subject to proposed lease, unencumbered by any mortgage or other charge.
Inspection Date	8 April 2025
Valuation Date	8 April 2025
Date Issued	3 May 2025
Expiry of Valuation	This valuation is current as at the Valuation Date only. The value assessed herein 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). We do not accept liability for losses arising from such subsequent changes in value.
Signatories	**Martyn Boyle** AAPI CPV Senior Director- Specialised Real Estate API No: 62775 **Valuer** PH 0429 511 823 martyn.boyle@opteonsolutions.com **Doug Shorten** AAPI CPV Head of Department - Social Infrastructure API No: 75639 WA Lic No: 44826 **Supervising Member**

Important	*This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.*
Supervising Member Declaration	*The Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Valuer. The Supervising Member did not inspect the subject property and may not have inspected comparable evidence. The value has been concluded by the Valuer who undertook the inspection and prepared the valuation calculations. The Supervising Member confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.*

M. Opteon - Valuation of 1 Burnage Road Werribee

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Valuation Report

1 Burnage Road
Werribee, Victoria 3030

File Ref: 20054101

VALUATION REPORT

1 Burnage Road
Werribee, Victoria 3030

Prepared For	RSM Australia Pty Ltd in their capacity as advisor to Macarthur National Limited
Valuation Purpose and Intended Use	To assess the current market value of the property in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Valuation Date	2 April 2025
File Reference	20054101
Client Reference	Macarthur National Limited
Inspection Type	Full Inspection

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P 1300 40 50 60
E info@opteonsolutions.com
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1.0 Executive Summary

1.1 Instructions

Instructing Party	Andrew Clifford, RSM Australia Pty Ltd
Client and Intended User	Macarthur National Limited
Other Intended Users/Additional Client Information	Nil
Property Address /Asset Valued	1 Burnage Road, Werribee, Victoria 3030
Valuation Purpose and Intended Use	To assess the current market value of the property in relation to a proposed acquisition of land for equity consideration in Macarthur National Limited. This valuation has not been prepared for mortgage purposes and no recommendation is made as to the suitability of the property for that purpose.
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Macarthur National Ltd and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.
Inspection	A sufficiently comprehensive inspection of the property was completed.

1.2 Property Details

Property Description	A generally regular shaped corner development site which has planning approval for a 90 place child care centre. Construction has recently commenced including earthworks, laying of a concrete slab, drainage installation, civil works and fencing, at a cost pursuant to the progress claim of $134,595 excluding GST.
Title Reference	Lot 913 Plan of Subdivision 833832 Volume 12270 Folio 939
Tenure Type	Freehold
Registered Proprietor	EFM Nominee Services Pty Ltd
Total Title Area	1,890 sqm
Approved LCP	90
Zoning	Urban Growth (UGZ6)

1.3 Assumptions & Recommendations:

Significant and Verifiable Assumptions	The instructions and information supplied contain a full disclosure of all information that is relevant.
Assumptions Requiring Further Consultancy	None recommended

1.4 Key Valuation Outputs

Market Value Rate	$21,667/Approved LCP $1,032/sqm site area

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1.5 Valuation Details

As Is:

Market Value with Vacant Possession:	**$1,950,000**
	One Million, Nine Hundred and Fifty Thousand Dollars

This valuation is exclusive of GST

Interest Valued	Fee simple with vacant possession, unencumbered by any mortgage or other charge.
Inspection Date	2 April 2025
Valuation Date	2 April 2025
Date Issued	3 May 2025
Expiry of Valuation	This valuation is current as at the Valuation Date only. The value assessed herein 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). We do not accept liability for losses arising from such subsequent changes in value.

Signatories

Martyn Boyle AAPI CPV
Senior Director- Specialised Real Estate
API No: 62775
Valuer
PH 0429 511 823
martyn.boyle@opteonsolutions.com

Doug Shorten AAPI CPV
Head of Department - Social Infrastructure
API No: 75639   WA Lic No: 44826
Supervising Member

Important	*This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.*
Supervising Member Declaration	*The Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Valuer. The Supervising Member did not inspect the subject property and may not have inspected comparable evidence. The value has been concluded by the Valuer who undertook the inspection and prepared the valuation calculations. The Supervising Member confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.*

N. Opteon - Valuation of 14s Liara Avenue Berwick

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Valuation Report

145 Liara Boulevard
Berwick, Victoria 3806

File Ref: 20054155

VALUATION REPORT

14S Liara Boulevard
Berwick, Victoria 3806

Prepared For	RSM Australia Pty Ltd in their capacity as advisor to Macarthur National Limited
Valuation Purpose and Intended Use	To assess the current market value of the property in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited
Valuation Date	3 April 2025
File Reference	20054155
Client Reference	Macarthur National Limited
Inspection Type	Full Inspection

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E info@opteonsolutions.com
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1.0 Executive Summary

1.1 Instructions

Instructing Party	Andrew Clifford, RSM Australia Pty Ltd
Client and Intended User	Macarthur National Limited
Other Intended Users/Additional Client Information	Nil
Client Reference	Macarthur National Limited
Property Address /Asset Valued	14S Liara Boulevard, Berwick, Victoria 3806
Valuation Purpose and Intended Use	To assess the current market value of the property in relation to a proposed acquisition of land and for equity consideration in Macarthur National Limited. This valuation has not been prepared for mortgage purposes and no recommendation is made as to the suitability of the property for that purpose.
Restrictions on Use	This report has been prepared for the private and confidential use of our Client, Macarthur National Limited and the nominated other Intended Users, for the specified purpose and it should not be relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. The report should not be reproduced in whole or part without the express written authority of Opteon Property Group Pty Ltd. Our warning is registered here, that any party, other than those specifically named in this report as our Client or Intended User should obtain their own valuation before acting in any way in respect of the subject property.
Inspection	A sufficiently comprehensive inspection of the property was completed.

1.2 Property Details

Property Description	An irregular shaped corner allotment of 1,970 sqm within an Urban Growth Zone. There is currently no planning approval in place.
Title Reference	Lot A Plan of Subdivision 735767M Volume 12385 Folio 284
Tenure Type	Freehold
Registered Proprietor	EFM Nominee Services No. 2 Pty Ltd
Total Title Area	1,970 sqm
Zoning	Urban Growth Zone (UGZ9).

1.3 Assumptions & Recommendations:

Significant and Verifiable Assumptions	The instructions and information supplied contain a full disclosure of all information that is relevant.
Assumptions Requiring Further Consultancy	None recommended

1.4 Key Valuation Outputs

Market Value Rate	$914/sqm site area

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1.5 Valuation Details

As Is:

Market Value with Vacant Possession:	**$1,800,000**

This valuation is exclusive of GST

Interest Valued	Fee simple with vacant possession, unencumbered by any mortgage or other charge.
Inspection Date	3 April 2025
Valuation Date	3 April 2025
Date Issued	3 May 2025
Expiry of Valuation	This valuation is current as at the Valuation Date only. The value assessed herein 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). We do not accept liability for losses arising from such subsequent changes in value.
Signatories	**Martyn Boyle** AAPI CPV Senior Director- Specialised Real Estate API No: 62775 **Valuer** PH 0429 511 823 martyn.boyle@opteonsolutions.com **Doug Shorten** AAPI CPV Head of Department - Social Infrastructure API No: 75639 WA Lic No: 44826 **Supervising Member**

Important	*This Executive Summary must be read in conjunction with the remainder of this report. The Executive Summary is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.*
Supervising Member Declaration	*The Supervising Member has reviewed the valuation report and working papers and based upon that review is satisfied that there is a reasonable basis for the valuation process undertaken and the methodology adopted by the Valuer. The Supervising Member did not inspect the subject property and may not have inspected comparable evidence. The value has been concluded by the Valuer who undertook the inspection and prepared the valuation calculations. The Supervising Member confirms that the report is genuine and is endorsed by Opteon Property Group Pty Ltd.*

O. Fair Market Value assessment of MNL convertible notes (financial derivative and host debt liabilities)

At the date of this Report, MNL has 35,000 convertible notes in issue, as summarised in the table below.

Table 22. MNL convertible notes summary

	MNL convertible notes
Issued notes	35,000
Face value	$100 per note
Total face value	$3.5m
Conversion price	$0.32
Anti-dilution clause	For issuance below $0.25, conversion price is $0.32 per note less $0.01 for every $0.01 less than $0.25
Interest rate	8.0% per annum
Issue date	18/07/2024
Maturity	30/06/2027

On the basis that there is no expected future issuance which would trigger the anti-dilution clause, we have valued the financial derivative liability component as a fixed price option and the host debt liability at amortised cost using the assessed effective interest rate. We have benchmarked the effective interest rate of the Convertible Note having regard to benchmark interest rates published by the RBA and current yields on corporate bonds and consider that it broadly represents a market interest rate for a similar loan without any conversion features.

Financial derivative liability component

The key inputs and assumptions used in assessing the FMV of the financial derivative liability component are set out in the table below.

Table 23. Key inputs in the valuation of convertible notes' financial derivative liability component

Key input	MNL convertible notes
Expiry date	30/06/2027
Current value per share	$0.21
Strike/ exercise price per share	$0.32
Expected term to maturity (years)	2.2
Volatility rate	35.0%
Risk-free interest rate	3.3%
Number of options	10,937,500

Current value per share – We have adopted a share price of $0.2111, being our assessment of the Fair Market Value of a MNL Share prior to the Proposed Transaction.

Volatility – The volatility of the share price is a measure of the uncertainty about the returns provided by MNL Shares. Given MNL Shares are not publicly traded and consistent with our approach in determining an appropriate EBITDA multiple for MNL, we have assessed an appropriate volatility rate by referencing the historical volatility rates of the listed companies comparable to MNL set out in Table 15. On this basis, we have included a volatility rate of 35.0% for MNL in our assessment.

Risk-free rate – We have determined the risk-free rate based on the yield of 3-year Commonwealth bond rates as at 30 April 2025 that cover the period that best match the life of the options as at the respective valuation date as set out above.

Host liability component

The tables overleaf set out cash flows at the contracted interest rate of 8.0% per annum, and cash flows at amortised cost using an effective interest rate of 11.1%.

Table 24. Cash flows at contracted interest rate of 8.0% per annum

Date	No. of Days	Opening balance	Loan advance	Interest	Loan/interest repayment	Repayment	Closing Balance
18/07/2024			$3,500,000				$3,500,000
31/07/2024	13	$3,500,000		$23,333	-	-	$3,523,333
31/08/2024	31	$3,523,333		$23,333	-	-	$3,546,667
30/09/2024	30	$3,546,667		$23,333	-$70,000	-	$3,500,000
31/10/2024	31	$3,500,000		$23,333	-	-	$3,523,333
30/11/2024	30	$3,523,333		$23,333	-	-	$3,546,667
31/12/2024	31	$3,546,667		$23,333	-$70,000	-	$3,500,000
31/01/2025	31	$3,500,000		$23,333	-	-	$3,523,333
28/02/2025	28	$3,523,333		$23,333	-	-	$3,546,667
31/03/2025	31	$3,546,667		$23,333	-$70,000	-	$3,500,000
30/04/2025	30	$3,500,000		$23,333	-	-	$3,523,333
31/05/2025	31	$3,523,333		$23,333	-	-	$3,546,667
30/06/2025	30	$3,546,667		$23,333	-$70,000	-	$3,500,000
31/07/2025	31	$3,500,000		$23,333	-	-	$3,523,333
31/08/2025	31	$3,523,333		$23,333	-	-	$3,546,667
30/09/2025	30	$3,546,667		$23,333	-$70,000	-	$3,500,000
31/10/2025	31	$3,500,000		$23,333	-	-	$3,523,333
30/11/2025	30	$3,523,333		$23,333	-	-	$3,546,667
31/12/2025	31	$3,546,667		$23,333	-$70,000	-	$3,500,000
31/01/2026	31	$3,500,000		$23,333	-	-	$3,523,333
28/02/2026	28	$3,523,333		$23,333	-	-	$3,546,667
31/03/2026	31	$3,546,667		$23,333	-$70,000	-	$3,500,000
30/04/2026	30	$3,500,000		$23,333	-	-	$3,523,333
31/05/2026	31	$3,523,333		$23,333	-	-	$3,546,667
30/06/2026	30	$3,546,667		$23,333	-$70,000	-	$3,500,000
31/07/2026	31	$3,500,000		$23,333	-	-	$3,523,333
31/08/2026	31	$3,523,333		$23,333	-	-	$3,546,667
30/09/2026	30	$3,546,667		$23,333	-$70,000	-	$3,500,000
31/10/2026	31	$3,500,000		$23,333	-	-	$3,523,333
30/11/2026	30	$3,523,333		$23,333	-	-	$3,546,667
31/12/2026	31	$3,546,667		$23,333	-$70,000	-	$3,500,000
31/01/2027	31	$3,500,000		$23,333	-	-	$3,523,333
28/02/2027	28	$3,523,333		$23,333	-	-	$3,546,667
31/03/2027	31	$3,546,667		$23,333	-$70,000	-	$3,500,000
30/04/2027	30	$3,500,000		$23,333	-	-	$3,523,333
31/05/2027	31	$3,523,333		$23,333	-	-	$3,546,667
30/06/2027	30	$3,546,667		$23,333	-$70,000	-$3,500,000	$0

Table 25. Assessed cash flows at amortised cost

Date	No. of Days	Opening balance	Loan advance	Interest	Loan/interest repayment	Repayment	Closing Balance
18/07/2024			$3,236,116				$3,236,116
31/07/2024	13	$3,236,116		$12,780	-	-	$3,248,895
31/08/2024	31	$3,248,895		$30,595	-	-	$3,279,491
30/09/2024	30	$3,279,491		$29,887	-$70,000	-	$3,239,378
31/10/2024	31	$3,239,378		$30,506	-	-	$3,269,883
30/11/2024	30	$3,269,883		$29,800	-	-	$3,299,683
31/12/2024	31	$3,299,683		$31,074	-$70,000	-	$3,260,757
31/01/2025	31	$3,260,757		$30,707	-	-	$3,291,464
28/02/2025	28	$3,291,464		$27,997	-	-	$3,319,460
31/03/2025	31	$3,319,460		$31,260	-$70,000	-	$3,280,720
30/04/2025	30	$3,280,720		$29,898	-	-	$3,310,618
31/05/2025	31	$3,310,618		$31,177	-	-	$3,341,795
30/06/2025	30	$3,341,795		$30,455	-$70,000	-	$3,302,250
31/07/2025	31	$3,302,250		$31,098	-	-	$3,333,347
31/08/2025	31	$3,333,347		$31,391	-	-	$3,364,738
30/09/2025	30	$3,364,738		$30,664	-$70,000	-	$3,325,402
31/10/2025	31	$3,325,402		$31,316	-	-	$3,356,718
30/11/2025	30	$3,356,718		$30,591	-	-	$3,387,309
31/12/2025	31	$3,387,309		$31,899	-$70,000	-	$3,349,207
31/01/2026	31	$3,349,207		$31,540	-	-	$3,380,747
28/02/2026	28	$3,380,747		$28,756	-	-	$3,409,503
31/03/2026	31	$3,409,503		$32,108	-$70,000	-	$3,371,611
30/04/2026	30	$3,371,611		$30,727	-	-	$3,402,338
31/05/2026	31	$3,402,338		$32,040	-	-	$3,434,378
30/06/2026	30	$3,434,378		$31,299	-$70,000	-	$3,395,677
31/07/2026	31	$3,395,677		$31,978	-	-	$3,427,654
31/08/2026	31	$3,427,654		$32,279	-	-	$3,459,933
30/09/2026	30	$3,459,933		$31,532	-$70,000	-	$3,421,464
31/10/2026	31	$3,421,464		$32,220	-	-	$3,453,685
30/11/2026	30	$3,453,685		$31,475	-	-	$3,485,159
31/12/2026	31	$3,485,159		$32,820	-$70,000	-	$3,447,980
31/01/2027	31	$3,447,980		$32,470	-	-	$3,480,450
28/02/2027	28	$3,480,450		$29,604	-	-	$3,510,054
31/03/2027	31	$3,510,054		$33,055	-$70,000	-	$3,473,108
30/04/2027	30	$3,473,108		$31,652	-	-	$3,504,760
31/05/2027	31	$3,504,760		$33,005	-	-	$3,537,765
30/06/2027	30	$3,537,765		$32,241	-$70,000	-$3,500,000	$0

P. Comparable trading companies description

Ticker	Company	Business description
NYSE:BFAM	Bright Horizons Family Solutions Inc.	Bright Horizons Family Solutions Inc. provides early education and childcare, back-up care, educational advisory, and other workplace solutions services for employers and families in the United States, Puerto Rico, the United Kingdom, the Netherlands, Australia, and India. The company operates in three segments: Full-Service Center-Based Child Care, Back-Up Care, and Educational Advisory services. The Full-Service Center-Based Child Care segment offers traditional center-based early education and childcare, preschool, and elementary education services. The Back-Up Care segment provides center-based back-up childcare, in-home child and senior care, school-age programs, camps, tutoring, pet care, and self-sourced reimbursed care services, as well as sittercity, an online marketplace for families and caregivers through early education and childcare centers, school-age programs and in-home care providers, the back-up care network, and other providers. The Educational Advisory services segment offers tuition assistance and student loan repayment program management, workforce education, and related educational consulting services, as well as college admissions and college financial advisory services. The company was formerly known as Bright Horizons Solutions Corp. and changed its name to Bright Horizons Family Solutions Inc. in July 2012. Bright Horizons Family Solutions Inc. was founded in 1986 and is headquartered in Newton, Massachusetts.
NYSE:KLC	KinderCare Learning Companies, Inc.	KinderCare Learning Companies, Inc. provides early childhood education and care services in the United States. The company operates community-based early childhood education centers under the KCLC brand; and community-based early child care and education schools under the Creme School brand. It also provides before-and after-school programs under the Champions brand. The company was formerly known as KC Holdco, LLC and changed its name to KinderCare Learning Companies, Inc. in January 2022. KinderCare Learning Companies, Inc. was founded in 1969 and is based in Lake Oswego, Oregon.
ASX:GEM	G8 Education Limited	G8 Education Limited provides early childhood education and care services in Australia. It offers its services under various brands. The company was incorporated in 2007 and is based in Varsity Lakes, Australia.

KOSE:A019680	Daekyo Co., Ltd.	Daekyo Co., Ltd. provides educational services for children worldwide. It offers Noonnoppi Education, an individual ability-grouping learning system that provides learning content in accordance with individual academic ability; Daekyo Summit, a smart-learning brand that teaches skills for each subject, from the basics to advanced learning, by providing personalized learning with the help of specialized AI algorithms for each subject; and Caihong Chinese language learning system that develops intonation and listening, speaking, reading, and writing abilities through a systematic and phased learning process for students ranging from young children to adults. The company also provides Soluny, a reading, debating, and essay-writing program for various students; Daekyo Children's TV, a children's channel in Korea, which produces and services content distributed through various genres; Pocket TV, a YouTube channel with roughly 400,000 subscribers that produces and services various entertainment, drama, and K-pop content for curious children; and Daekyo noriQ, a broadcasting channel specializing in play content for young children. In addition, it offers Eye Level Traumwelt, a cultural space for children and families in Korea that allows customers to enjoy various cultural and experiential content, including performances and exhibitions; NEWIF, a total-solution senior citizen life brand based on its educational know-how; Daekyo Dream Mentor, which supports the psychological development of children by offering solutions, such as a counseling programs and experiential learning based on professional diagnoses and consulting along with other developmental programs; and eye-level education services to foreign nationals. The company was founded in 1975 and is headquartered in Seoul, South Korea. Daekyo Co., Ltd. is a subsidiary of Daekyo Holdings Co., Ltd.
ASX:NDO	Nido Education Limited	Nido Education Limited owns, operates, and manages long day early childhood education and care centres under the Nido Early School brand in Australia. The company was incorporated in 2021 and is based in Drummoyne, Australia.
TSE:7084	Smile Holdings Inc.	Smile Holdings Inc. offers childcare and early childhood education services primarily in Japan. It operates facilities, including after-school facilities, global schools, swimming school, preschool-integrated nurseries, licensed nurseries, and kindergarten classrooms. The company was formerly known as Kids Smile Holdings Inc. and changed its name to Smile Holdings Inc. in January 2025. The company was founded in 2008 and is headquartered in Tokyo, Japan.
TSE:7075	QLS Holdings Co., Ltd	QLS Holdings Co., Ltd, through its subsidiaries, engages in the childcare businesses in Japan. It also offers nursing care services, such as home-visit care and home care support services, as well as disability welfare and temporary staffing services. The company was founded in 2005 and is headquartered in Osaka, Japan. QLS Holdings Co., Ltd operates as a subsidiary of Grit Co. Ltd.
ASX:MFD	Mayfield Childcare Limited	Mayfield Childcare Limited owns and operates long day care centers in Victoria, Queensland, and South Australia. The company was incorporated in 2015 and is based in Hawthorn, Australia.
ASX:EVO	Embark Early Education Limited	Embark Early Education Limited provides early childhood education and care services in Australia. It owns, operates, and manages ECE centers under the Roseberry House, Brighthouse, Cubby Care, HAVEN Early Learning, Kitiwah Place, Little Zebra, Carlton House, Moreton Drive Early Learning Centre, and Youngstars brands. Embark Early Education Limited was founded in 2014 and is based in Helensvale, Australia.

SGX:CNE	MindChamps PreSchool Limited	MindChamps PreSchool Limited provides childcare services in Singapore and Australia. The company operates through Education, Franchise, Corporate, and Others segments. It offers childcare, education, and learning related services for preschool children. The company is also involved in the franchising of childcare services for preschool children and enrichment classes; and provision of administrative support, business and management consulting, and asset management services. In addition, it operates commercial schools offering higher education programs, as well as preschool centres. Further, the company provides music, dancing, art, speech, and drama instruction services, as well as childcare enrolment and related services. The company was formerly known as MindChamps Preschool (Worldwide) Pte. Limited and changed its name to MindChamps PreSchool Limited in November 2017. The company was founded in 1998 and is based in Singapore. MindChamps PreSchool Limited is a subsidiary of MindChamps Holdings Pte. Limited.
OM:TELLUS	Tellusgruppen AB (publ)	Tellusgruppen AB (publ), through its subsidiaries, operates in the education and childcare sectors in Sweden. The company operates preschools in Stockholm and Uppsala counties under the Tellusbarn; and primary schools under the Robinson and Thea names. It also provides childcare and educational services; mother tongue teaching and study guidance to primary schools under the Omniglot name; and babysitting services under the Nanny by Tellus. The company was founded in 2007 and is based in Stockholm, Sweden.

Source: Capital IQ

Q. Comparable transaction description

Target	Business description
Seven childcare centres	On 26 August 2024, Embark Early Education Limited announced that seven childcare centres were expected to settle in September and October 2024. Detail: 7 centres; 795 licensed places; 12-month pro forma post settlement EBITDA at $4.9m; total purchase price $20.4m. One centre was settled in the last week of September with the remaining six centres being settled on 1 November 2024. All were settled from cash on hand.
Seven centres in South Australia	As of August 19, 2024, seven centres in South Australia were acquired by Mayfield Childcare Limited. Seven Centres in South Australia comprises childcare centres. The asset is located in Australia.
Five childcare centres in Victoria and Queensland	On 6 May 2024 Embark Early Education Limited announced the settlements of 5 centres. Details: 452 licensed places; pro forma annual centre-based EBITDA at $3.3m; and total purchase price of $12.9m.
Two childcare centres in Sandringham and Home Hill	As of May 26, 2023, two childcare centres in Sandringham and Home Hill was acquired by Mayfield Childcare Limited. Two childcare centres in Sandringham and Home Hill comprises childcare centres. The asset is located in Australia.
Childcare centre in Queensland	As of February 8, 2023, Childcare centre in Queensland was acquired by Mayfield Childcare Limited.
14 Genius Learning childcare centres	As of December 10, 2021, 14 Genius Learning childcare centres were acquired by Mayfield Childcare Limited. 14 Genius Learning childcare centres comprises childcare centres. The assets are located in Australia.
Ten childcare centres in Australia	As of June 8, 2021, 10 childcare centres in Australia were acquired by Evolve Education Group Limited. Ten childcare centres in Australia comprises childcare centres. The asset is located in Australia.

Source: Capital IQ

R. Charter Keck Cramer – Valuation of the Stephenson Property

Charter
Keck Cramer

15 April 2025

Valuation Report

41-59 Stephenson Street
South Kingsville Vic 3015

Gerard Righetti
Director
gerard.righetti@charterkc.com.au

www.charterkc.com.au

Charter Keck Cramer

41-59 Stephenson Street, South Kingsville

Stephenson Street Frontage

Executive Summary

41-59 Stephenson Street, South Kingsville

Instructions	
Instructing Party	RSM Corporate Australia Pty Ltd
Ordered By	Andrew Clifford
Reliant Party / Parties	RSM Corporate Australia Pty Ltd
Interest Valued	Market value of the freehold interest with vacant possession
Date of Instruction	2 April 2025
Purpose	Financial Reporting

Property Description	
Property Type	Vacant development site
Highest and Best Use	Residential redevelopment *Refer to Assumptions / Qualifications - Highest and Best Use*
Building Area	N/A (vacant land)
Site Area	21,710 sq.m. (2.171 hectares)
Zoning	*General Residential Zone (GRZ10) and Residential Growth Zone (RGZ2)*
Overlay(s)	*Development Plan Overlay (DPO2)* *Environmental Audit Overlay (EAO)* *Special Building Overlay (SBO)*
Title Details	Volume 09735 Folio 412
Registered Proprietor	Newport Apartments Vic Pty Ltd
Occupancy Status	N/A (vacant land)

Valuation Methodology	
Primary Method	Direct Sales Comparison

Valuation Summary	
Date of Inspection and Valuation	15 April 2025 *Refer to Assumptions / Qualifications - Date of Valuation*
Valuation	**$23,000,000 (Exclusive of GST)** Twenty-Three Million Dollars
Land Value Rate	$1,100 p.s.m.

Prepared By Charter Keck Cramer Pty Ltd	
Primary Valuer	**Counter Signatory**
Gerard F Righetti, AAPI Certified Practising Valuer API Member: 62842 Director	Craig Kilby, AAPI Certified Practising Valuer API Member: 62581 Executive Director

NOTE: This Executive Summary should be read in conjunction with the entirety of this Valuation Report, in particular (but not limited to) the Valuation Compliance, Asset Profile and Assumptions/Qualifications sections.

S. Industry overview

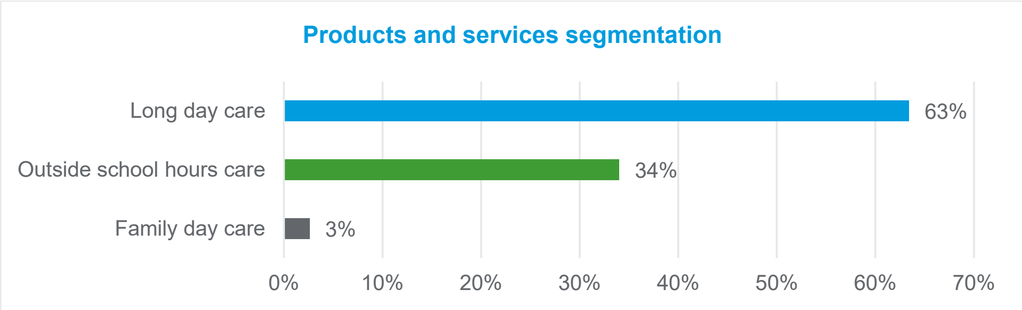
Child Care Services in Australia[1]

Background

Industry organisations provide childcare 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 major players in the industry are Goodstart Early Learning and G8 Education, capturing 7.2% and 4.7% of industry revenue respectively.

Products and services segmentation

We have presented below the Childcare Services industry's key products and services contribution to 2024 revenue.



Industry performance

Childcare services revenue has increased at a compound annual growth rate ("CAGR") of 6.2% over the past five years, from $16.1 billion ("b") in 2019 to $21.2b in 2024.

Staffing issues are constraining industry capacity. In the past decade, childcare centres have struggled with staffing shortages to meet the National Quality Framework's requirements. Higher wages are being paid to meet the higher qualifications needed. Despite high demand, staff shortages are leading to cap enrolment numbers, affecting occupancy rates. This has led to wage increases as centres seek to retain staff, amidst ongoing reviews of industry award wages.

Rising fees are driving revenue growth, following changes in fee policies to receive government support during the pandemic. New operators are reshaping the landscape, acquiring existing centres and expanding rapidly. Childcare centres are now in competition with the Preschool Education industry by offering early childhood education services.

Key external drivers

- **Level of social assistance**: the Federal Government provides social assistance payments to help families with the cost of raising children. The Australian Government's Childcare Subsidy ("**CCS**") helps cover the cost of childcare, boosting demand for childcare services. An increase in CCS rates may help make childcare for families more affordable, although the amount of CCS a family receives depends on their circumstances;
- **Population aged 14 and younger**: The number of dependent children under the age of 14 (particularly children under the age of five) affects demand for childcare centres and their profitability. Only formal care of children aged 12 and under is included in the Childcare Services industry. The industry includes children aged 5 to 12 who use before and after school care and vacation care;
- **Females in the labour force:** the workforce participation rate of women with dependent children affects the demand for childcare services. Labour force participation rates among women aged 15 years and over are rising over the long term. This long-term trend is benefiting the industry, as more mothers use formal childcare services; and
- **Real household discretionary income**: Households with higher discretionary incomes are typically better able to afford childcare services. When combined with higher out-of-pocket expenses for childcare, declines or low growth in discretionary income may cause families to reassess their spending on childcare, adversely impacting demand for childcare services. Declines in real household discretionary income pose a potential threat to the industry.

[1] IBISWorld Report Q8710 – Child Care Services in Australia, September 2024

Industry Outlook

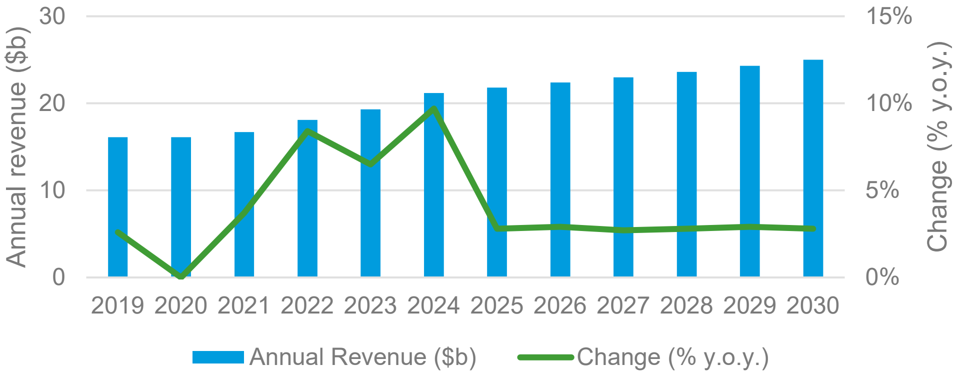
Childcare services revenue is expected to grow at a CAGR of 2.8% over the next five years, from $21.8b in 2025 to $25b in 2030.

In the immediate future, workforce challenges are expected to constrain growth in the childcare sector, affecting expansion plans and prompting calls for a pay rise for early childhood educators. Moreover, further childcare reforms are on the horizon, with potential changes to ownership structures in the industry. Strategies to adapt to the changing operating environment include refreshing existing centres, targeting premium markets, and offering flexible services to match parents' needs.

The childcare services industry in Australia is expected to face ongoing staffing shortages over the next five years due to high demand, low wages, and challenging working conditions, which make recruitment and retention difficult. An aging workforce, compounded by the impact of COVID-19, further strains the sector.

Additionally, the childcare services industry competes with other sectors that offer better pay and more flexibility, making it harder to attract and retain workers. While government initiatives, such as increased funding for training and support, may help address some challenges, the shortages are likely to persist unless there are significant improvements in wages, working conditions, and long-term policy reforms.

Revenue snapshot 2019-2030



Key Success Factors

- **Take advantage of government subsidies and other grants:** The childcare subsidy is paid to approved childcare providers on behalf of eligible families. Lower out-of-pocket costs for families boost enrolment numbers of childcare facilities, helping ensure a steady cashflow and reducing volatility.
- **Ensure proper licensing:** The cost and time required to obtain local council approval and a state government license can be a significant strain on new entrants. Prospective providers need to ensure they have sufficient funds to cover this essential requirement.
- **Ensure skilled labour is available:** Businesses in the Industry must meet national standards for staff ratios and qualification ratios. In view of current labour shortages, it’s critical that providers ensure that sufficient skilled labour is available to match operating capacity.

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RSM Corporate Australia Pty Ltd
Level 27, 120 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

rsm.com.au