

RedHill Education Limited

Release of Target's Statement in respect of UCW Limited's Offer

In accordance with Item 14 of section 633(1) item 14 of the *Corporations Act 2001* (Cth), RedHill Education Limited (**RedHill**) attaches its target's statement (**Target's Statement**) in response to the off-market takeover bid by UCW Limited (**UCW**) for proposed consideration of 4.5 ordinary shares in UCW for every 1 ordinary share in RedHill that it did not already own or control (**Offer**).

The Target's Statement sets out the RedHill Board's reasons for unanimously recommending that RedHill shareholders **REJECT** UCW's Offer and other information that is material to shareholders in their assessment of UCW's Offer.

The Target's Statement has or will be sent to UCW and lodged with the Australian Securities and Investments Commission today.

The Target's Statement will be dispatched shortly to RedHill shareholders by the following means:

1. if you have nominated an email address to receive communications from RedHill, then you will receive an email to your nominated email address with a link to an electronic copy of the Target's Statement; and
2. if you have not nominated an email address to receive communications from RedHill, then you will receive a letter from RedHill to your registered postal address, which will contain details of where you can access an electronic copy of the Target's Statement or how to request a hard copy of the Target's Statement.

An electronic copy of the Target's Statement and updates in relation to the Offer will be made available on RedHill's website (<https://www.redhilleducation.com/investor-centre/>) and we encourage shareholders to call the Offer Information Line on 1300 148 799 or +61 3 9415 4265 between 8.30am and 5.00pm (AEDT) Monday to Friday to address any queries.

Authorised for release to ASX by the Board of Directors of RedHill.

CONTACT

Glenn Elith
Chief Executive Officer
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Lisa Jones
Company Secretary
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ABOUT REDHILL

RedHill has a portfolio of quality education businesses at the premium end of the private education market to capitalise on the demand for higher education, vocational training and English language programmes. For further information refer to our website www.redhilleducation.com.



REDHILL EDUCATION LIMITED

TARGET'S STATEMENT

**YOUR DIRECTORS RECOMMEND
THAT YOU REJECT UCW'S OFFER**

REJECT

UCW's Offer

TAKE NO ACTION

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR
IMMEDIATE ATTENTION.**

If you are in any doubt as to how to deal with this document, please contact your legal, financial, taxation or other professional adviser.

If you have any queries, please call the Shareholder Information Line on 1300 148 799 or +61 3 9415 4265.

Legal Adviser

MinterEllison

Financial Adviser

E&P



Letter from the Chairman

12 January 2021

Dear RedHill Shareholder,

RedHill's Board of Directors unanimously recommends that shareholders REJECT UCW's unsolicited, opportunistic and highly conditional takeover offer and TAKE NO ACTION

You will have recently received from UCW an unsolicited, highly conditional, off-market, all-scrip offer to acquire your RedHill Shares. UCW is not offering any cash for your RedHill Shares, but instead 4.5 UCW Shares for every 1 of your RedHill Shares (**Offer**).

This document is our Target's Statement, which sets out the unanimous recommendation of your Directors to **REJECT** UCW's opportunistic and highly conditional Offer and the reasons for making that recommendation.

Importantly, shareholders who hold or control approximately 11.2% of RedHill Shares, including RedHill's Directors and management, have already informed the Board that they intend to **REJECT** the Offer. This means that the minimum acceptance condition cannot be satisfied.

Your Directors believe that there are eight key reasons why you should reject UCW's unsolicited, opportunistic and highly conditional Offer:

1. The Offer is opportunistically timed in an attempt to take advantage of relative weaknesses in RedHill's share price and earnings due to COVID-19;
2. UCW is opportunistically seeking to gain control over RedHill's significant cash balance to remedy its own relatively weak cash position;
3. As a standalone entity, RedHill has significant operating leverage and capabilities to enable it to quickly recover and grow as international borders open;
4. The underlying value of UCW's scrip, which represents 100% of the Offer Consideration, is unclear and uncertain, and UCW has refused to adequately disclose the risks of owning shares in UCW;
5. UCW has a poor track record, poor governance record and higher risk profile relative to RedHill;
6. The Offer is highly conditional and the 90% minimum acceptance condition is not capable of being satisfied;
7. Synergies suggested by UCW are not appropriately disclosed and are potentially overstated, and, in any case, they are unlikely to be achieved as UCW cannot acquire 100% of RedHill; and
8. If you accept the Offer, you risk missing out on a superior offer from another party if one emerges.

Section 2.2 sets out in more detail each of the reasons for your Directors' unanimous recommendation to **REJECT** UCW's opportunistic Offer. You should read these reasons carefully.

To REJECT UCW's opportunistic and highly conditional Offer, simply IGNORE all documentation sent to you by UCW and TAKE NO ACTION.

Your Directors consider that you will be better off retaining your RedHill Shares rather than accepting into the opportunistic and highly conditional UCW Offer, which carries potential risks and would dilute your ownership of RedHill's assets.

RedHill is in a strong position with approximately \$25.5m in cash and term deposits¹, demonstrated trading performance resilience in 1H21, and a powerful brand and reputation as evidenced by its assessment as a 'Level 1 Risk Rating' from the Australian Government's Department of Home Affairs, being the best possible risk rating. This, coupled with ongoing development of new courses and recent investments in new campuses, ensures RedHill has significant and immediately available operating leverage to the opening of

¹ As at 31 December 2021, and subject to audit

international borders. Importantly, RedHill's strong cash balance also ensures it is well positioned to continue investing in its business and to participate in value-accretive industry consolidation.

Conversely, UCW is in a much weaker position given its net cash position of only \$4.5m², lower operating leverage to the opening of international borders, relatively poor track record of performance, execution and governance, and its higher risk profile.

Importantly, due to the nature of the unsolicited, opportunistic and highly conditional UCW Offer, and the refusal of UCW to remedy deficiencies in its disclosure³, your Directors have also not been provided the opportunity to undertake due diligence on UCW and form a view as to its current performance, potential ongoing cash requirements, business risks, future outlook and enterprise value.

We further note that the UCW Bidder's Statement states an intention to invite Glenn Elith and me to join UCW as a member of the executive management team and Board, respectively, if the Offer is successful. We wish to be clear that UCW has not approached Glenn or me in relation to these potential roles.

As mentioned earlier in the letter, your Directors unanimously recommend you REJECT UCW's opportunistic and highly conditional Offer. Your Directors will continue to keep you updated on all material developments in relation to the Offer. In the meantime, if you have any questions in relation to this Target's Statement or your shareholding in RedHill, please call your Shareholder Information Line on 1300 148 799 (for calls made from within Australia) or +61 3 9415 4265 (for calls made from outside Australia), Monday to Friday between 8.30am and 5.00pm (AEDT).

Thank you for being a RedHill shareholder.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Heath', with a stylized flourish at the end.

Stephen Heath
Chairman

² As at 30 September 2020

³ See Section 3 of this Target's Statement for more information

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Key dates

Offer announced. Bidder's Statement lodged with RedHill, ASIC and ASX	14 December 2020
Offer Period commenced	29 December 2020
Date of this Target's Statement	12 January 2021
Date for UCW to provide Notice of Status of Conditions	22 January 2021
Offer Period closes (unless Offer is extended or withdrawn)	29 January 2021

Important notices

1.1 Target's Statement

This document is a Target's Statement dated 12 January 2021 and is issued by RedHill Education Limited ACN 119 952 493 (**RedHill**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement sets out the RedHill Board's formal response to the off-market takeover offer made by UCW Limited ACN 108 962 152 (**UCW**) in its Bidder's Statement.

1.2 ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and ASX on 12 January 2021. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

1.3 UCW information in this Target's Statement

The information in this Target's Statement in relation to UCW has been prepared by RedHill using publicly available information including the Bidder's Statement. RedHill and its Directors are unable to verify the accuracy or completeness of that information. The information on UCW in this Target's Statement should not be considered comprehensive. Accordingly, to the maximum extent permitted by law, RedHill does not make any representation or warranty, express or implied, as to the accuracy or completeness of that information.

1.4 Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Target's Statement are subject to the effect of rounding. Accordingly, their actual calculations may differ from the figures set out in this Target's Statement.

1.5 Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available at the date immediately prior to the date of this Target's Statement.

1.6 No account of personal circumstances

This Target's Statement does not take into account your individual investment objectives, financial situation or particular needs. It does not contain personal advice. RedHill is not licensed to provide financial product advice in relation to RedHill Shares or any other financial products. This Target's Statement should not be relied on as the sole basis for any investment decision in relation to RedHill Shares or the Offer generally. The Directors encourage you to obtain independent legal, financial, taxation or other professional advice before deciding whether or not to accept the Offer.

1.7 Forward-looking statements

Some statements in this Target's Statement are in the nature of forward-looking statements. You should be aware that these statements are predictions only and are subject to inherent risks and

uncertainties. Those risks and uncertainties include factors and risks specific to RedHill as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of RedHill and its Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

None of RedHill (nor any of its officers and employees) or any person named in this Target's Statement with their consent or anyone involved in the preparation of this Target's Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. You are cautioned not to place undue reliance on those statements.

The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. RedHill has no obligation to disseminate any updates or revisions to any statements to reflect any change in expectations in relation to those statements or any change in events, conditions or circumstances on which any of those statements are based unless it is required under Division 4 of Part 6.5 of the Corporations Act to update or correct this Target's Statement (i.e. for certain matters that are material from the point of view of a Shareholder) or under its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules.

1.8 Privacy statements

RedHill has collected your information from the RedHill share registry for the purpose of providing you with this Target's Statement. The type of information RedHill has collected about you includes your name, contact details and information on your RedHill shareholding. The Corporations Act requires the name and address of Shareholders to be held in a public register.

1.9 Shareholder enquiries

RedHill encourages Shareholders to call RedHill on 1300 148 799 or +61 3 9415 4265 if you have any queries in relation to the Offer. We are available Monday to Friday between 8.30am and 5.00pm (AEDT).

For queries regarding your RedHill shareholding please contact RedHill's share registry, Computershare Investor Services Pty Limited (**Computershare**) Monday to Friday (except public holidays) between 8.30am to 5.00pm (AEDT):

T: 1300 850 505 (within Australia)

T: +61 3 9415 4000 (outside Australia)

E: web.queries@computershare.com.au

1.10 Defined terms

Certain terms used in this Target's Statement have defined meanings, as set out in Section 10 of this Target's Statement.

1.11 No internet site is part of this Target's Statement

No internet site is part of this Target's Statement. RedHill maintains an internet site (<https://www.redhilleducation.com/investor-centre>). Any references in this Target's Statement to this internet site are textual references only and the information contained on the site does not form part of this Target's Statement.

What do your Directors recommend?

REJECT the Offer

**To REJECT the Offer TAKE NO ACTION
Ignore all documents sent to you by UCW**

Your Directors' reasons to **REJECT** the Offer

- 1** The UCW Offer is opportunistically timed in an attempt to take advantage of the relatively recent weaknesses in RedHill's share price and earnings, due to COVID-19

- 2** UCW is opportunistically seeking to gain control over RedHill's significant cash balance to remedy its own relatively weak cash position

- 3** As a standalone entity, RedHill has significant operating leverage and capabilities to enable it to quickly recover and grow as international borders open

- 4** The underlying value of UCW's scrip, which represents 100% of the Offer Consideration, is unclear and uncertain, and UCW has refused to adequately disclose the risks of owning shares in UCW

- 5** UCW has a poor track record, poor governance record and higher risk profile relative to RedHill

- 6** The Offer is highly conditional and the 90% minimum acceptance condition is not capable of being satisfied

- 7** Synergies suggested by UCW are not appropriately disclosed and are potentially overstated, and, in any case, they are unlikely to be achieved as UCW cannot acquire 100% of RedHill

- 8** If you accept the Offer, you risk missing out on a superior offer from another party if one emerges

Section 2.2 of this Target's Statement elaborates on these key reasons.

2. Your Directors' evaluation of the Offer

2.1 Recommendation

Your Directors unanimously recommend that you **REJECT** the Offer, for the reasons set out in Section 2.2 of this Target's Statement. To **REJECT** the Offer, you should **TAKE NO ACTION**.

In evaluating the Offer, your Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the choices available to you and ensure you understand the consequences of those choices, as outlined in Section 5 of this Target's Statement;
- carefully consider Section 2.2 (Reasons why you should **REJECT** the Offer) and Section 6 (Information about the Offer and other important issues) of this Target's Statement; and
- seek independent financial, legal, taxation or other professional advice if you are in any doubt as to what you should do in response to the Offer.

Your Directors will keep you informed of any material developments relating to the Offer.

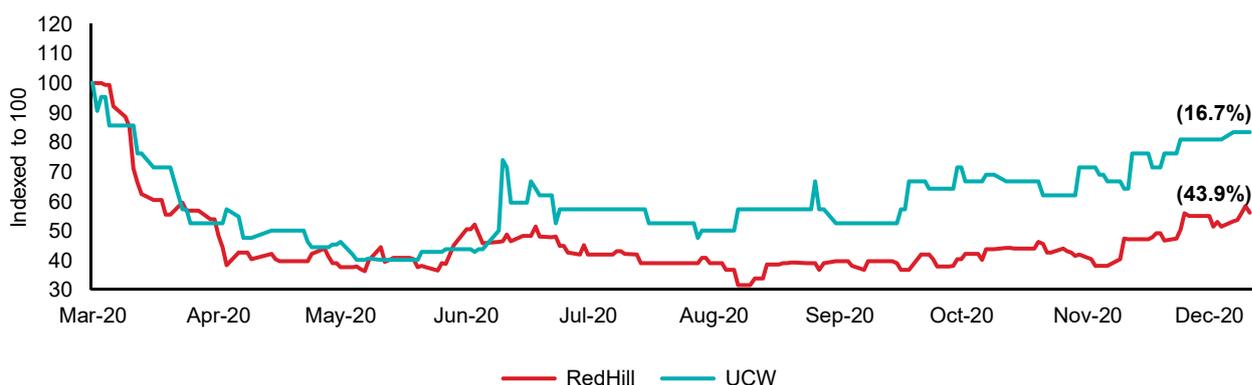
2.2 Reasons why you should REJECT the Offer and TAKE NO ACTION

1) The UCW Offer is opportunistically timed in an attempt to take advantage of the relatively recent weaknesses in RedHill's share price and earnings, due to COVID-19

The UCW Offer takes advantage of the recent relative strength in UCW's share price since the onset of COVID-19

The Offer takes advantage of RedHill's relatively higher exposure to the effects of COVID-19, with RedHill's share price falling approximately 44% since 1 March 2020 up to 11 December 2020, versus UCW's share price falling only approximately 17% in the same period.⁴

Figure 1: RedHill / UCW share price performance from 1 March 2020 to 11 December 2020



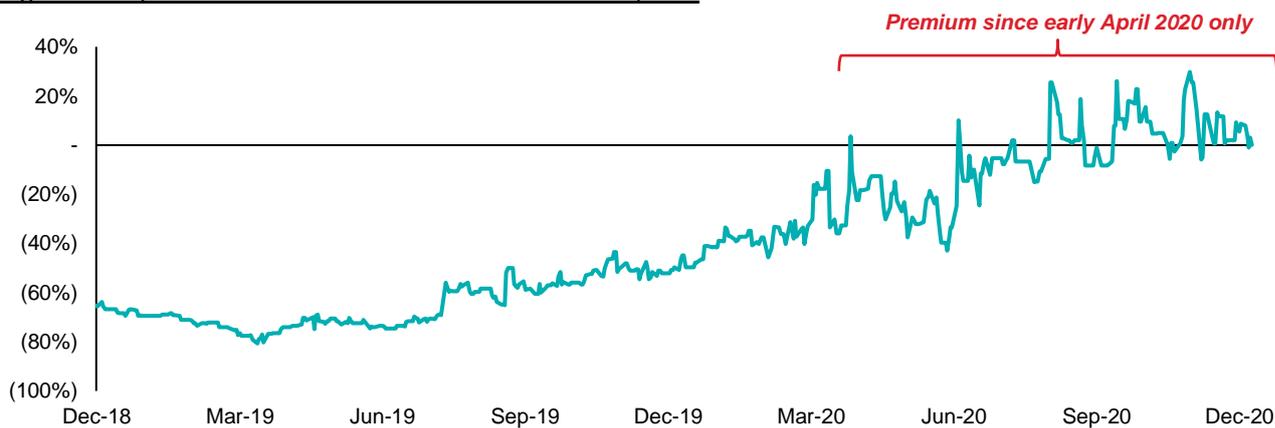
Source: FactSet as at 11 December 2020

Over the last two years, the Offer consideration has represented an implied discount to RedHill's share price on approximately 85% of trading days⁵. In fact, the Offer Consideration only represented a premium to RedHill's share price since the impacts of COVID-19 were felt across the educational sector and the Australian market as a whole.

⁴ Share price performance shown from 1 March 2020 (March 2020 which was the worst month for the ASX 200 since October 1987, falling 21.2% due to negative sentiment towards COVID-19) to 11 December 2020 (last trading day before announcement of the Offer)

⁵ Implied premium / discount of the UCW Offer over time is calculated as (UCW share price x 4.5 exchange ratio) / RedHill share price from 11 December 2018 to 11 December 2020

Figure 2: Implied Offer Premium / Discount – last two years

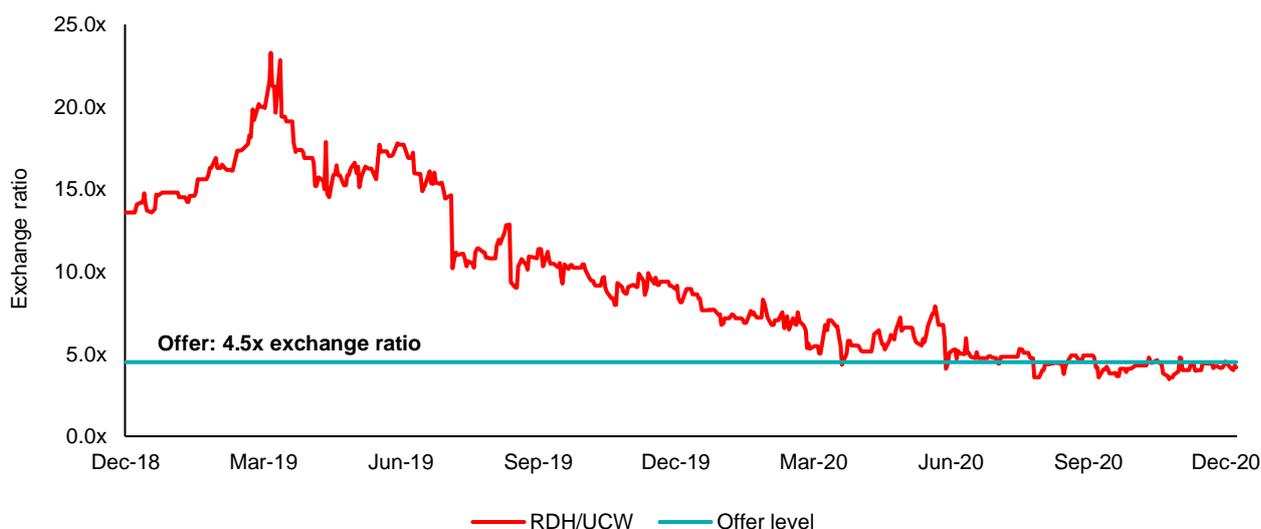


Source: FactSet as at 11 December 2020

Further, as illustrated below, the exchange ratio has been significantly higher historically than the current Offer ratio, highlighting the opportunistic timing of the Offer.

Accordingly, your Directors consider that the Offer ratio of 4.5 UCW shares to every 1 RedHill Share materially undervalues RedHill Shares.

Figure 3: Exchange Ratio – last two years⁶



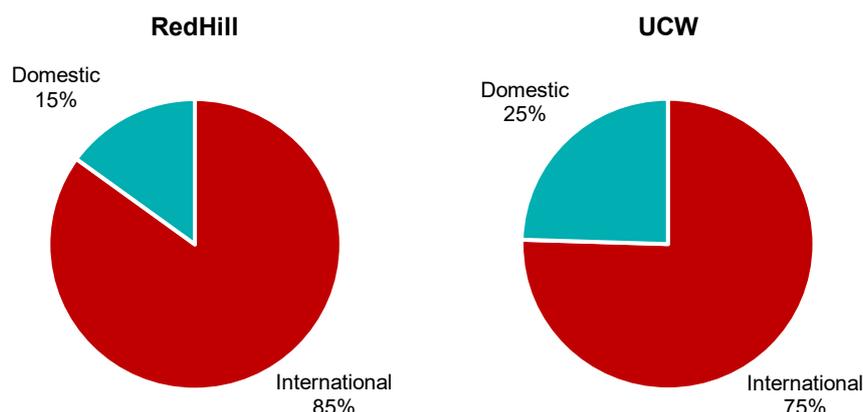
Source: IRESS as at 11 December 2020

The UCW Offer opportunistically takes advantage of RedHill’s greater exposure to COVID-19 and the resultant impacts to near-term earnings and cashflow

Following the outbreak of COVID-19, Australia implemented domestic and international travel bans, nationwide lockdowns and social distancing. These measures had a significant impact on RedHill’s operations. Most notably, international travel bans implemented on 20 March 2020 prevented any international students from (re)entering Australia.

⁶ Calculated as RDH share price divided by UCW share price on each trading day

Figure 4: FY20 revenue mix



Source: RedHill FY20 Full Year Results Presentation, UCW Investor Presentation – Takeover Offer for RedHill Education

Approximately 85% of RedHill's FY20 revenue was generated from delivering courses and services to international students undertaking studies in Australia. Operational impacts resulting from COVID-19 have had the largest impact on RedHill's Go Study Australia and Greenwich English College (**GEC**):

- Go Study Australia is an international student recruitment business and border restrictions have required RedHill to temporarily shutter all but two of its international offices
- GEC delivers courses and examinations in the English Language Intensive Courses for Overseas Students (**ELICOS**) sector and is heavily reliant on the arrival of international students into Australia.

Conversely, UCW has no comparable businesses such as Go Study Australia and GEC and its FY20 revenues were comprised of only approximately 75% from the international student market.

As international student volumes begin to increase, RedHill is expected to have greater exposure to these tailwinds and Go Study and ELICOS will be the first divisions to realise the associated benefits.

RedHill's FY20 and near-term earnings have been further impacted by pre COVID-19 investments in campus leases – the benefits of which are yet to be realised

In FY20, RedHill commenced new leases on two campuses to facilitate the growth forecast at the time – Mary Street, Sydney and Level 14 Spencer Street, Melbourne. Approximate incremental property costs (rental plus outgoings) for both properties during FY20 were \$1.2m. Due to COVID-19 reducing international student enrolments and RedHill moving to 100% or partial online course delivery, during FY20 the Mary Street campus was only partially utilised and the Level 14 Spencer Street campus was not utilised at all.

Accordingly, FY20 and near-term earnings / cashflow have been impacted by RedHill experiencing relatively higher property leasing costs due to these recent investments which are not being materially utilised due to COVID-19. UCW's Offer does not capture the value of these investments once they are fully utilised.

These campuses will provide RedHill significant operating leverage to increasing international student numbers as international borders open, continued growth in domestic students and as in-person learning continues to increase (discussed further in 3) on page 12)

Notwithstanding the above, your Directors and RedHill management are actively managing the cost base and have a number of strategies to minimise lease expenses including sub-leasing, engaging with landlords or not renewing as they expire.

RedHill's business has disproportionately faced greater impacts from COVID-19 and has greater potential upside and operating leverage from the return of international students. The UCW Offer has been opportunistically timed to take advantage of this relative difference and undervalues RedHill Shares.

2) UCW is opportunistically seeking to gain control over RedHill’s significant cash balance to remedy its own relatively weak cash position

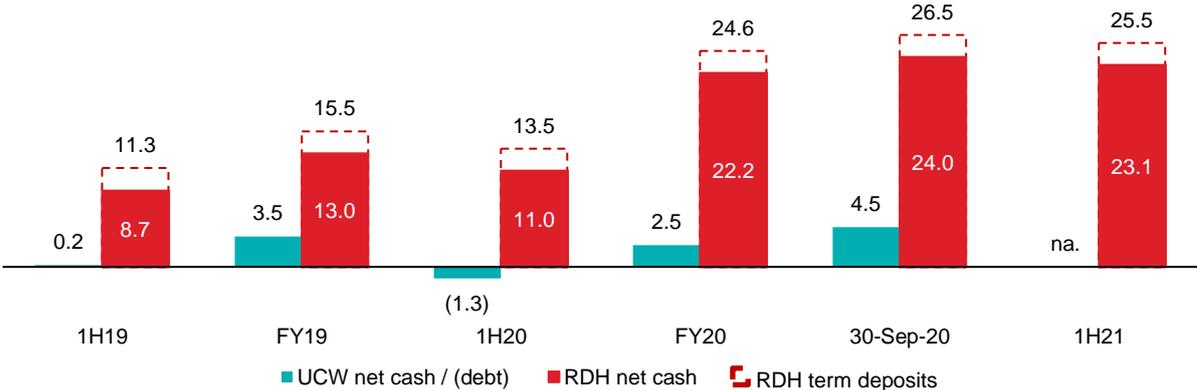
In mid-2020, RedHill raised gross proceeds of approximately \$12m to increase its available cash and to responsibly shield the business during the economic uncertainties caused by the COVID-19 pandemic.

As at 31 December 2020, RedHill has no debt and is in a strong capital position with a net cash position of \$25.5m, inclusive of \$23.1m cash at hand and \$2.5m in term deposits (which support bank guarantees over campus leases). This provides significant flexibility to weather the continued impacts of COVID-19 as well as allowing RedHill to invest for growth as the market recovers.

In contrast, UCW has a much lower net cash position of \$4.5m as at 30 September 2020 (including its deposits on call), which may impact its ability to withstand any further potential pressure on its earnings and cashflow while international borders remain substantially closed. Also concerning is UCW’s net working capital⁷, a measure of short term liquidity, which is poor at negative (\$4.0)m relative to RedHill’s positive \$4.4m as at 30 June 2020.

Your Directors have no knowledge of UCW’s net cash position since 30 September 2020 and working capital movements since 30 June 2020, and believe that there is a risk that UCW’s positions are materially worse at 31 December 2020, particularly given UCW’s costs associated with the Offer, including financial and legal fees, and its ongoing working capital requirements.

Figure 5: Net cash / (debt) (\$m)



Source: RedHill and UCW market disclosures

Accordingly, your Directors believe that there is a risk UCW remains under-capitalised given the ongoing sector impacts and is at a heightened risk of needing to raise additional capital in the future. This risk is potentially further exacerbated by financial covenants present in UCW’s debt facility with the Commonwealth Bank of Australia, the terms of which are undisclosed and to which your Directors have been unable to confirm.

Concerningly, the UCW Offer also appears to be opportunistically timed prior to the release of UCW’s 1H21 results where more fulsome disclosure on the performance and financial position of its business would be provided.

RedHill’s balance sheet strength is a valuable asset given the current volatility in the sector and UCW is opportunistically seeking to acquire it to remedy its own weak cash position. Accepting UCW’s opportunistic and highly conditional Offer will dilute RedHill’s strong capital position to support UCW’s weaker cash position, which may also put RedHill’s assets at risk.

⁷ Net working capital defined as current assets minus current liabilities

3) As a standalone entity, RedHill has significant operating leverage and capabilities to enable it to quickly recover and grow as international borders open

RedHill operates a group of high quality, attractive and growing tertiary education businesses with accredited courses that are in demand

Operating under its Greenwich and Technology & Design brands, RedHill is one of only approximately 12 accredited providers out of approximately 4,200⁸ in Australia that operate in all three sectors: English Language Intensive Courses for Overseas Students (**ELICOS**), Vocational (**VET**) and Higher Education (**HE**). With its Go Study divisions, RedHill is also able to operate throughout the entire lifecycle of a student's tertiary education experience – from recruitment and placement through ELICOS to vocational, bootcamp, higher education and post qualification short courses.

Table 1: RedHill divisions

	Greenwich	Technology & Design	Go Study
Education Sector	ELICOS and Vocational	Vocational and Higher Education	International Student Recruitment
Student market	International	Domestic & International	International
Number of courses	Vocational: 25 ELICOS: 7	Higher Educational:14 Vocational: 7	Not applicable
Funding source	Fee for service	FEE–HELP, Commonwealth Supported Place and Vet Student Loans (VSL) (Domestic) Fee for service (International)	Commissions as a percentage of tuition fees paid by students to education institutions

With sophisticated learning management systems and the ability to deliver quality online learning, RedHill provides students innovative courses, excellent learning experiences and industry-aligned educational outcomes. Furthermore, with diversity in its course offering, RedHill's students enjoy high completion and employment rates are generally greater than 80%⁹.

Figure 6: RedHill courses by sector

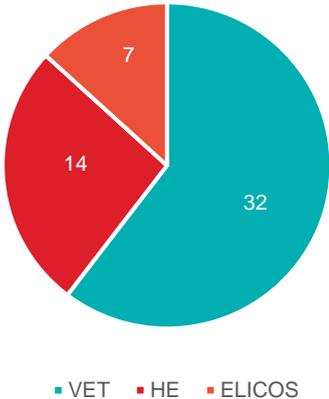
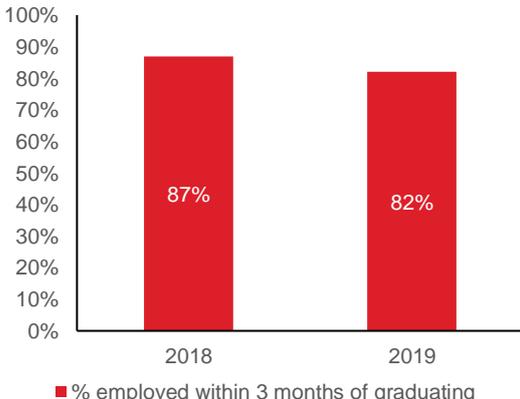


Figure 7: Graduate employment rates⁹



⁸ Australian public and private tertiary education accredited providers including 183 higher education and 4,000 vocational

⁹ RedHill's Technology & Design students who find employment within three months of graduation

RedHill has also won numerous awards that acknowledge its professionalism and expertise from industry associations, including DrivenXDesign, Study Travel Magazine and PIE Magazine. In 2020, RedHill was recognised in the Australian Financial Review's Fast 100 as the fastest growing education company in Australia.

RedHill has a quality offering, underpinned by its robust governance standards, low risk rating and eligibility for government funding and tuition loan schemes

RedHill's businesses operate with robust governance standards, with its academic boards made up of external academics and industry experts, elected staff and student representatives, and key management personnel that focus on governance, compliance and quality assurance on all academic areas for both vocational and higher education course offerings. RedHill also belongs to a number of professional peak bodies, including IHEA, English Australia, IEAA, EVCC and ITECA¹⁰, and its senior staff are represented on numerous industry and government committees, which reflects its strong reputation within the sector.

For the enrolment of international students, RedHill has a Level 1 Risk Rating from the Australian Government's Department of Home Affairs (the best rating possible), as measured by criteria including strong financial viability and performance, high student completion rates, low risk source countries and achieving low rates of visa application rejections. Your Directors believe that this is confirmation of RedHill's focus on its high regulatory standards and quality education provision. **Your Directors are not aware of UCW's equivalent risk rating – if it is worse, this could negatively impact RedHill's reputation and business if the Offer was successful (see 5) on page 17 for further detail).**

For the enrolment of domestic students, RedHill's Technology & Design division is one of only 146¹¹ private VET Registered Training Organisations (RTO) with VET Student Loans (VSL) (out of a total of approximately 4,000 RTOs) and 1 of only 74¹² private providers with FEE-HELP and Commonwealth Supported Places. These loan and subsidy programs are critically important for domestic students to be able to access funding support to further their education and is a key determinant for students in selecting an education provider and course.

Domestic education providers that are eligible to receive government funding and tuition support must meet the requirements of a number of stringent criteria that reflects an operator's high quality, including: student eligibility, academic suitability, compliance with student loan provisions and marketability, and, importantly, the requirement that all Directors and management pass the requisite "Fit and Proper Person Declaration" that is required by the Australian Government¹³.

UCW on the other hand, despite operating in the VET sector, does not receive VSL¹⁴ and your Directors question UCW's ability to meet the stringent criteria necessary to qualify for VSL funding – see 5) on page 17 for further detail.

The international education sector has historically been resilient to economic and industry shocks and green shoots are starting to emerge

Prior to COVID-19, the international education sector represented Australia's fourth largest export and has historically been resilient to various economic and industry shocks e.g. SARS and the GFC. Your Board believes this suggests that international student volumes are likely to recover relatively quickly when borders reopen, especially in the light of the approval and roll out of COVID-19 vaccines.

¹⁰ Independent Higher Education Australia (IHEA), International Education Association of Australia (IEAA), Education Visa Consultative Committee (EVCC) and Independent Tertiary Education Council Australia (ITECA)

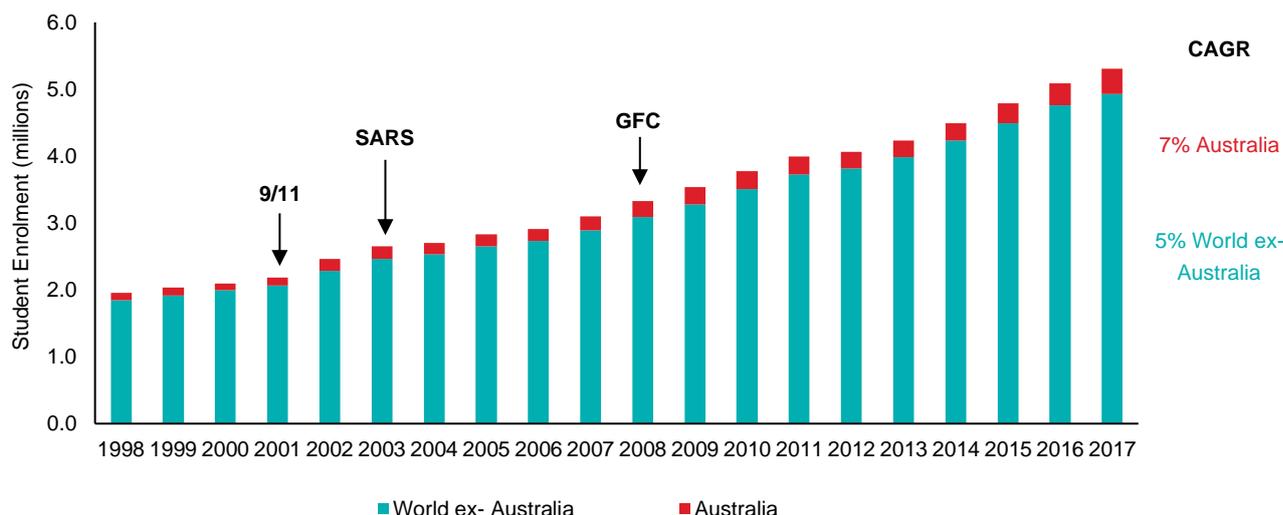
¹¹ "VET Student Loans Approved Course Providers" <<https://www.dese.gov.au/vet-student-loans/resources/vet-student-loans-approved-course-providers>>

¹² "Providers that offer Commonwealth assistance" <<https://www.studyassist.gov.au/you-study/providers-offer-commonwealth-assistance>> and Courseseeker.edu.au <<https://www.courseseeker.edu.au/institutions?state=>>

¹³ "Fit and Proper Person Requirements" <<https://www.legislation.gov.au/Details/F2011L01341>>

¹⁴ Per page 4 of UCW's FY20 Results Presentation

Figure 8: Global international student enrolments



Source: UNESCO Institute for Statistics

The Australian Government highlighted restarting the international student education industry as a key component in rebuilding the Australian economy as part of the 'Roadmap to a COVIDSafe Australia', with progress already underway with the recent activities of some State Governments. RedHill has a history of, and is actively working collaboratively with State Governments, on plans to facilitate the safe return of international students into Australia.

On 30 November 2020, Australia received the first arrival of international students since March 2020 as part of the Charles Darwin University pilot program approved by both Northern Territory and Australian Governments.¹⁵ Other states have published recovery plans for assisting their international education sectors including South Australia and New South Wales, who plan on receiving international students in 2021.

Importantly, while there is no clarity on the ultimate timing, your Directors believe the global roll out of various vaccines for COVID-19 will be a 'game-changer' for the international student education industry, with border restrictions expected to be further eased over time as risk of transmission abates. Qantas has also reopened bookings for its international network from July 2021 as it expects international travel will begin to resume from then¹⁶.

Your Directors believe Australia will be a considerably more attractive destination for international students than other English-speaking countries such as the UK or the USA once borders reopen due to Australia's handling of COVID-19. RedHill has significant operating leverage to increasing student numbers without the need to increase lease costs as highlighted in Figure 9. As a result, your Directors believe RedHill will outperform when international travel recommences.

RedHill's domestic business has been showing signs of growth and RedHill continues to invest in new courses

RedHill's domestic student numbers have been showing signs of growth and the business has displayed agility in difficult operating conditions.

Coder Academy students grew +36% in 1H21 compared to the prior corresponding period (pcp) and AIT domestic students grew despite the transition to online course delivery.

Despite cost rationalisation initiatives, investment in new courses has continued. Three new undergraduate certificate courses were granted accreditation and approved for FEE-HELP in November 2020 and will be launched in 2021. Further plans for an additional three courses for domestic vocational students are in final stages and will also be launched in 2021.¹⁷

¹⁵ ABC News, "International students land in Australia for first time since Coronavirus shuttered borders", <<https://www.abc.net.au/news/2020-11-30/international-students-arrive-in-australia-coronavirus-nt/12933370>>

¹⁶ 7 News, "Qantas reopens bookings for international destinations," <<https://7news.com.au/sport/cricket/qantas-reopens-bookings-for-international-destinations-c-1894470>>

¹⁷ See RedHill Market Update ASX announcement, released 6 January 2020

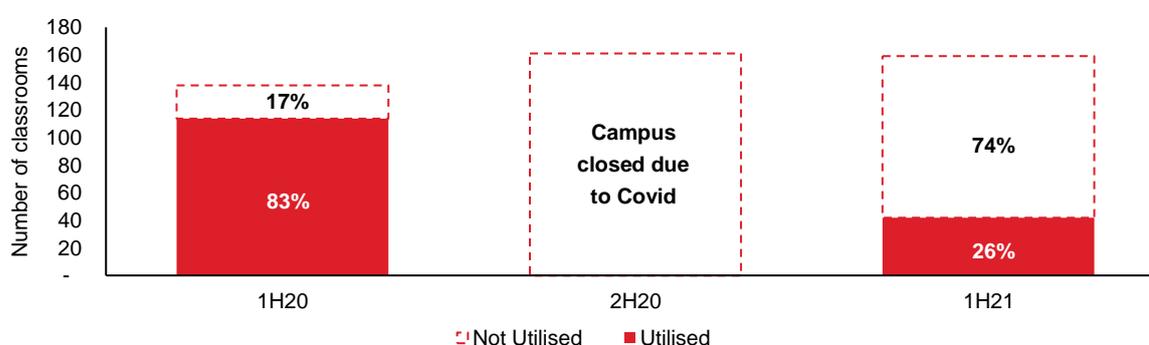
RedHill's significant operating leverage positions the business well as Australia comes out of COVID-19 and as international student volumes increase

While the RedHill business has been impacted by a decrease in international students in Australia, this is expected to continue only while international travel restrictions are in place. As discussed above in 3) (on page 12), the international student market has historically been resilient to market shocks, and is similarly expected to recover from its COVID-19 impacts.

Continued investment in new courses and online course delivery all contribute towards RedHill's significant operating leverage from a market recovery.

Further, latent capacity in classrooms provides significant operating leverage as student numbers increase. The new campuses at Mary Street, Sydney and Spencer Street, Melbourne are currently underutilised and will provide immediate upside once borders are fully reopened to international students and in-person teaching increases again. As illustrated in Figure 9, as at 31 December 2020, only 26% of classrooms were utilised which provides significant upside potential.

Figure 9: RedHill number of classrooms and % utilisation



RedHill has an experienced executive team and a revitalised Board

RedHill has seasoned, highly capable and long-standing executives with deep and relevant industry experience. Glenn Elith, Chief Executive Officer, joined RedHill at the beginning of 2012 and continues to implement strategies to take advantage of emerging opportunities in the tertiary education market. Michael Fahey, Chief Financial Officer, has over 30 years of finance experience garnered across ASX-listed and multi-national companies.

There has also been a number of recent Director appointments to sharpen the focus on inorganic and organic strategic growth initiatives, including the appointment of experienced non-executive Directors Sandra Hook and Stephen Heath in September 2019, to join long-standing Director William Deane who has been on the Board of RedHill since May 2006. Director biographies can be found in Section 7.3 of this Target's Statement.

In November 2020, Bill Beerworth, Chairman of RedHill since prior to its IPO, retired with Stephen Heath taking on the role as Chairman.

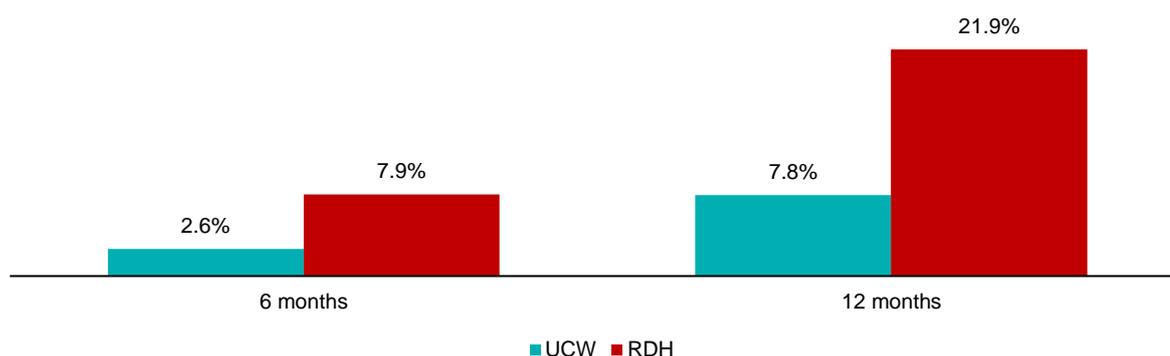
Your Board believes that RedHill has been materially impacted by its exposure to COVID-19. However, with the combination of its robust balance sheet, strong reputation and course offering, high operating leverage to increasing student numbers, growth in its domestic market, and strong governance, RedHill is strongly positioned to benefit from a recovery.

4) The underlying value of UCW's scrip, which represents 100% of the Offer Consideration, is unclear and uncertain, and UCW has refused to adequately disclose the risks of owning shares in UCW

UCW shares are very illiquid and may not represent fair market value of UCW

Over the 6 and 12 month periods to 11 December 2020, the last trading day prior to the announcement of the Offer, the number of UCW shares that traded as a percentage of its total shares on issue was 2.6% and 7.8%, respectively; significantly lower than the number of RedHill shares traded over the same periods (7.9% and 21.9%, respectively).

Figure 10: Shares traded as a percentage of total shares on issue¹⁸



Source: IRESS

Limited trading volumes can materially impact UCW's share price. For example, over the 3-month period to 11 December 2020, UCW's share price increased 59.1% (an increase in UCW's market capitalisation of \$7.6m) based on only approximately \$278k worth of cumulative trading, equal to only 1.6% of the UCW shares on issue.

Your Directors believe that the limited trading volumes of UCW shares should not be relied on to determine the fair market value of UCW shares. Further, your Directors are concerned similarly low volumes in the future could decrease the value of UCW shares materially, which would reduce the realisable value of UCW shares post the Offer.

Liquidity risks due to UCW issuing 235,200,747 new shares

RedHill Shareholders should consider the liquidity implications from the UCW shares proposed to be issued under the Offer. The number of UCW shares which would be required to be issued to RedHill shareholders under the Offer is 235,200,747,¹⁹ which represents approximately 200%²⁰ of UCW's currently issued share capital.

There is risk that RedHill Shareholders who accept the Offer may not hold their new UCW shares in the long term, which would lead to an oversupply of UCW shares following the transaction. Your Directors believe that the issue of 235,500,747 new UCW shares may put significant downward pressure on the realisable value of UCW shares post the Offer, which would reduce the value of the consideration received by RedHill Shareholders.

No due diligence undertaken on UCW

Due to the nature and timing of UCW's unsolicited, opportunistic and highly conditional Offer, RedHill Directors have not been provided the opportunity to undertake any private due diligence on UCW's business, earnings, potential cash requirements or its strategy and are therefore unable to form a view on the true underlying value of UCW shares.

¹⁸ Dates for periods in Figure 10 include 6 months (12 June 2020 to 11 December 2020 inclusive) and 12 months (12 December 2019 to 11 December 2020 inclusive). RedHill shares account for new issuance of shares in June and July 2020

¹⁹ Page 28, UCW Bidder's Statement

²⁰ Page 28, UCW Bidder's Statement, based on UCW shares on issue of 117,514,448

UCW has refused to adequately disclose the risks of owning UCW shares

UCW has not disclosed in its Bidder's Statement the risks of owning UCW shares which would ordinarily be disclosed in any offer of new shares to the public. This is despite your Directors requesting UCW to outline those risks to RedHill Shareholders, which UCW has refused to do.

Refer to Section 3 of this Target's Statement which notes in detail your Directors' response to defective disclosures in UCW's Bidder's Statement and ancillary announcements, which in some respects constitute breaches of the Corporations Act.

Accordingly, your Director's believe there is a material risk that UCW's share price is not a true reflection of UCW's underlying value and that the implied value of the Offer may not reflect the realisable value shareholders could receive post the Offer.

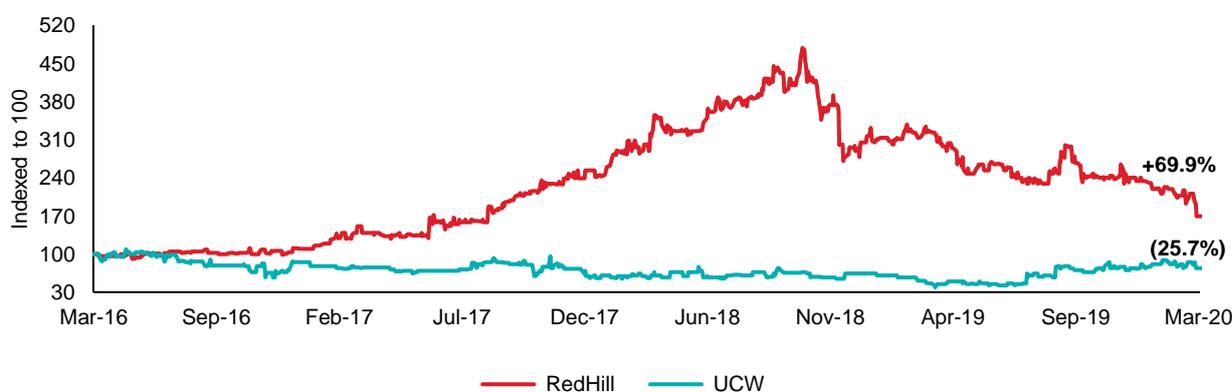
5) UCW has a poor track record, poor governance record and higher risk profile relative to RedHill

RedHill's share price and total shareholder returns have outperformed UCW from 31 March 2016 when UCW was relisted on the ASX up until 1 March 2020 (pre COVID-19)

On 31 March 2016, UCW was relisted on the ASX as part of an IPO and capital raising to, among other things, complete the cash consideration of its acquisition of Australian Learning Group Pty Ltd.

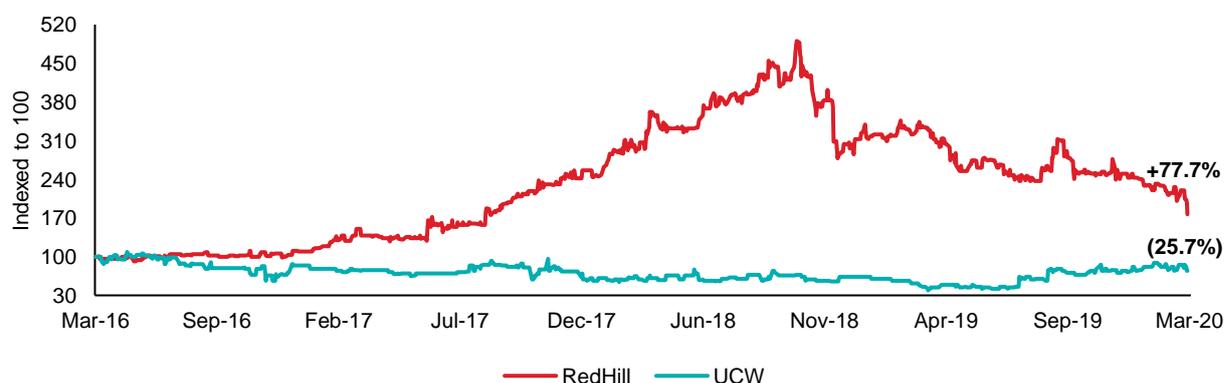
Since that time, your Directors and RedHill's management have delivered a superior business performance reflected in RedHill's share price significantly outperforming UCW's share price up until 1 March 2020 (i.e. prior to the material impacts of COVID-19) by approximately 95%. RedHill's total shareholder returns (including dividends) has outperformed UCW's by approximately 103%.

Figure 11: RedHill and UCW share price performance from 31 March 2016 to 1 March 2020



Source: FactSet

Figure 12: RedHill and UCW total shareholder return from 1 March 2016 to 1 March 2020



Source: FactSet

RedHill has paid out dividends to its Shareholders since 31 March 2016 whereas UCW has never paid a dividend

Figure 13: Total dividends paid by RedHill and UCW since 31 March 2016 (\$m)



Since UCW relisted on the ASX on 31 March 2016, it has never paid a dividend to UCW shareholders.

RedHill, on the other hand, began paying dividends in FY18 and announced its intention in FY19 to maintain stable half-yearly dividends (March, September) of \$0.02/share – this was maintained until RedHill prudently revoked its March 2020 dividend payment due to the potential impacts of COVID-19.²¹ Since 31 March 2016, RedHill has paid \$2.4m in dividends to RedHill Shareholders.

UCW has destroyed shareholder value through the acquisition of Gradability

In July 2017, UCW acquired a 24.6% stake in Gradability (formerly known as Performance Education), a work-readiness program for international student graduates in the fields of accounting and information technology.

At the time of acquisition the UCW's Board considered "the interest in Performance Education to be a strategic stake in a profitable, growing business, which is well-positioned to benefit from the trend towards an increased focus on the employment outcomes of accredited education"²² and UCW's current CEO, Adam Davis, joined the Performance Education board.

Within 2.5 years of the investment, and by 31 December 2019, the UCW Board had fully impaired UCW's investment in Gradability by \$6.1m to zero. Significantly, this impairment was made prior to any impacts from COVID-19.

UCW operates in different curriculum areas to those that RedHill operates in and does not have the knowledge or operating history of RedHill. Further, UCW has not undertaken any due diligence or assessment of RedHill's business, and there is a risk that UCW will not be able to appropriately integrate and manage the combined businesses.

Your Directors have displayed much greater commitment to the business, relative to UCW, during FY20

FY20 represented a year of unprecedented volatility due to the onset of COVID-19 and resultant operational and financial impacts. In the face of this volatility, the RedHill board held 22 Directors' meetings²³ in FY20 compared to only 9 directors' meetings²⁴ held by UCW.

This demonstrates your Directors' commitment and focus to help steer RedHill's business through uncertain operating conditions, including raising capital to enhance RedHill's balance sheet to support the business during COVID-19, and to have sufficient funds available for future recovery and operational change initiatives when pandemic conditions improve.

²¹ RedHill ASX announcement 23 March 2020 - Material Impact of COVID-19 and Revocation of Dividend

²² UCW announcement on 17 March 2017 "Acquisition of 24.6% of Performance Education Group Pty Ltd"

²³ Page 19, FY20 RedHill Annual Report

²⁴ Page 23, FY20 UCW Annual Report

UCW does not have VSL funding and may have a higher risk rating than RedHill

As noted in 3) above (on page 12) RedHill's powerful brand and reputation is evidenced by receipt of a 'Level 1 Risk Rating' from the Australian Government's Department of Home Affairs, as it relates to the enrolment of international students (best possible rating). UCW does not disclose its risk rating. If UCW's risk rating is worse than that of RedHill's, there is a material risk that a combination of RedHill and UCW will negatively impact RedHill's current risk rating which would weaken RedHill's reputation in the industry and impact RedHill's ability to source students from certain, more attractive, countries.

Further, RedHill receives government funding and tuition support for domestic students, including FEE-HELP, VSL and Commonwealth Supported Place subsidies which demonstrate RedHill's quality offering and reputation. UCW, despite operating in the VET sector, does not receive VSL.²⁵ Your Directors question UCW's ability to meet the stringent criteria, including the requirement that all Directors and management pass the "Fit and Proper Person Declaration" requirements, necessary to qualify for VSL funding. A combination of UCW and RedHill may carry a material risk of RedHill's businesses losing its VSL status, which would result in a risk to revenue and EBITDA, and potential future loss of government funding sources.

UCW is a weaker business compared to RedHill and UCW has not demonstrated a track record of creating shareholder value since relisting on the ASX. Further, your Board is concerned that UCW may be a high-risk provider from a regulatory perspective, which may put RedHill's own businesses at risk following a combination.

6) The Offer is highly conditional and the 90% minimum acceptance condition is not capable of being satisfied

Shareholders who hold or control 11.2% of RedHill shares do not intend to accept the Offer

The Offer is subject to seven material conditions and a further number of sub-conditions, including a 90% minimum acceptance condition, which are set out in Section 6.2 of this Target's Statement.

Welas Pty Ltd (7.4%), Supreme Camillo Capital Ltd (2.5%) and Exto Partners Australia Pty Ltd (0.5%) who hold or control in aggregate 10.3% of RedHill shares on issue²⁶, have informed RedHill that they do not intend to accept the Offer in respect of the RedHill shares that they each hold or control.

The 10.3% held or controlled by the RedHill Shareholders above, combined with the 0.9% of RedHill Shares held or controlled by your Directors and management²⁷, results in RedHill shareholders representing 11.2% of RedHill Shares on issue intending not to accept the Offer.

This means that **UCW will be unable to meet its 90% minimum acceptance condition and the Offer cannot proceed unless this condition is waived by UCW.**

Limited acceptances received as of the date of this Target Statement

As of the day prior to the date of this Target's Statement, only 2.55% of RedHill Shares have accepted the Offer, excluding the 19.9% of shares that have accepted under pre-bid acceptance arrangements with UCW.

The current UCW Offer is incapable of being successful. Even if UCW waives its 90% minimum acceptance condition, there is a real risk it will not be able to acquire 100% of RedHill under the Offer. This means UCW will not be able to use RedHill's cash to support itself, it will not be able to achieve the synergy benefits it has stated exist and there will be negative consequences for RedHill Shareholders who accept the Offer and receive UCW shares

²⁵ Per page 4 of UCW's FY20 Results Presentation

²⁶ As at the date of this Target's Statement, Anthony Wales (3.7m shares, 7.4%), Supreme Camillo Capital Ltd (1.3m shares, 2.5%) and Exto Partners Australia Pty Ltd (0.3m shares, 0.5%) hold or control 10.3% of RedHill shares in aggregate. Percentages based on RedHill total shares on issue of 50.9m. Note the holdings have been rounded to one decimal place

²⁷ As at the date of this Target's Statement, Glenn Eliith (325.0k shares, 0.6%), Stephen Heath (41.7k shares, 0.1%), Sandra Hook (41.7k shares, 0.1%) and Michael Fahey (33.3k shares, 0.1%) hold or control 0.9% of RedHill shares in aggregate. William Deane's shares (254.7k, 0.5%) are accounted for in Exto Partners Australia Pty Ltd in his capacity as an owner). Percentages based on RedHill total shares on issue of 50.9m. Note the holdings have been rounded to one decimal place

7) Synergies suggested by UCW are not appropriately disclosed and are potentially overstated, and, in any case, they are unlikely to be achieved as UCW cannot acquire 100% of RedHill

UCW's Bidder's Statement states that one of the key reasons for RedHill Shareholders to accept the Offer is the immediate and longer-term cost and revenue synergies to be achieved by the combined group. The majority of these synergies are, in your Directors' view, likely only to be realised on a 100% acquisition of RedHill Shares.

Given that RedHill Shareholders holding or controlling in aggregate 11.2% of RedHill Shares on issue do not intend to accept the Offer, UCW will not control 100% of RedHill and **the purported synergies generated from the Offer will, in your Directors' view, be minimal (if any).**

Further, if UCW were to waive its 90% minimum acceptance condition and does not achieve 100% control of RedHill, it will also be unlikely for UCW to achieve its purported synergies.

More broadly, your Directors note that there has been no due diligence undertaken by either UCW or RedHill on the transaction to confirm the potential synergy benefits, or to more fulsomely assess the potential risks in respect of the transaction. UCW has provided almost no details, calculations or assumptions to support its estimate of synergies so they cannot be verified by your Directors and management team. When asked by your Directors, UCW refused to outline in more detail to RedHill Shareholders UCW's calculations of the synergy benefits that they have baldly stated exist.

8) If you accept the Offer, you risk missing out on a superior offer from another party if one emerges

The Offer from UCW appears to be opportunistically timed given the impact of COVID-19 on RedHill's operations and discount to RedHill's historical share trading prices. Considering this, there may be alternative proposals to the Offer (**Third Party Proposals**) which may arise and that may be more beneficial to RedHill shareholders.

Accepting the Offer will deny you of the potential benefits of any subsequent superior proposal by another party, should one emerge, and if all of the conditions of UCW's Offer are waived or satisfied. You will also give up your right to deal with your RedHill Shares while the Offer remains open and conditional without receiving any benefits.

As at the date of this Target's Statement, RedHill has not received any competing proposal which may be considered a superior proposal to the Offer. While there can be no certainty that any Third Party Proposals will be provided to RedHill, the Board is committed to exploring all options that are in the best interests of, and have the potential to maximise value for, RedHill Shareholders.

Accepting the Offer will deny you the benefit of any subsequent superior proposal by another party should it emerge

3. Response to defective disclosures by UCW

Following a detailed review of UCW's Bidder's Statement released on 14 December 2020 and dispatched to RedHill Shareholders on 29 December 2020, your Directors believed that there were information deficiencies in UCW's Bidder's Statement and the initial substantial holder notice lodged by UCW on 14 December 2020. Your Directors further believe that those information deficiencies disadvantage RedHill Shareholders and their capacity to make a fully informed decision as to whether or not to accept UCW's Offer.

To address those information deficiencies, your Directors proactively raised their disclosure concerns with UCW. UCW refused to acknowledge or address these deficiencies and refused to make the necessary disclosures.

The table below contains your Directors' response to what they consider to be defective disclosures by UCW in its Bidder's Statement and its initial substantial holder notice:

UCW's claim		RedHill's response
Bidder's Statement		
1	Section 1.4 – UCW's unsubstantiated statement on the potential pre-tax cost synergies of acquiring RedHill	The quantum of pre-tax costs synergies of UCW acquiring RedHill described in the Bidder's Statement are so vaguely drafted, unsubstantiated and potentially misleading that RedHill and RedHill Shareholders are unable to assess the merits of the Offer. In particular, the statement in section 1.4 of the Bidder's Statement states that <i>'UCW's analysis and review of publicly available information on RedHill has led it to believe that it could target aggregate pre-tax cost synergies of approximately A\$3 million over the next 3 years'</i> . UCW have presented this figure without providing any detail or specificity on how it proposes to realise this value of synergies if the Offer was to succeed. As a result, and, in the opinion of RedHill, the absence of being provided information in order to substantiate or assess the accuracy of the synergy amounts proposed to be realised if the Offer were to succeed restricts RedHill and RedHill Shareholders from having any meaningful way of assessing the basis and merits for the alleged synergies if the Offer were to succeed and is a breach of the Corporations Act.
2	Section 12 – UCW's failure to disclose the specific risks of owning UCW shares	UCW has failed to disclose the risks associated with becoming a UCW shareholder. In the opinion of RedHill, UCW's failure to adequately disclose these risks is a breach of the Corporations Act and UCW should make corrective disclosure of these risks in a supplementary bidder's statement. In the absence of adequate risk disclosure, RedHill and its current and prospective shareholders have no meaningful way to assess the risks associated with becoming a UCW shareholder if the Offer was to succeed.
3	Section 9 – UCW's inclusion of a condition 9.1(d) which turns on their subjective opinion	The Corporations Act prohibits a takeover bid from including a condition that is effectively based on a bidder's opinion. RedHill is of the view that the condition in section 9.1(d) of the Bidder's Statement breaches this prohibition in the Corporations Act, as the determination of whether or not any third party takeover bid for RedHill is a 'superior offer' to the Offer rests solely with UCW.
Initial substantial holder notice		
4	Failure to attach full terms of the pre-bid acceptance agreements	The failure to attach the full terms of the pre-bid acceptance agreements to UCW's initial substantial holder notice lodged with the ASX on 14 December 2020 is an unambiguous breach of the Corporations Act and ASIC policy and, in the opinion of RedHill, undermines the basic principle of a takeover bid operating in an 'efficient, competitive and informed market'.

4. Frequently asked questions

This Section answers some questions you may have about the Offer. It is not intended to address all relevant issues for RedHill Shareholders. This Section should be read in conjunction with all other parts of this Target's Statement.

Question	Answer
The Offer	
What is UCW offering for my RedHill Shares?	UCW is offering 4.5 UCW Shares for every 1 RedHill Share, with any fractional entitlement being rounded up to the nearest whole UCW Share.
Who is UCW?	<p>UCW is an ASX-listed Australia based company that owns and operates tertiary education businesses, with a current focus on Health and Community Services fields of study.</p> <p>As at the date of announcing its Offer, UCW had a relevant interest in approximately 19.9% of RedHill Shares, under pre-bid acceptance agreements with Perpetual Limited and Viburnum Funds.</p>
Did RedHill have any knowledge of UCW's intention to make its Offer?	No. The Offer was unsolicited and made without any prior notice to or consultation with RedHill. UCW first verbally informed RedHill of its intention to make the Offer on the Sunday before UCW lodged its Bidder's Statement with ASX and ASIC on Monday, 14 December 2020. This 18 hour notice on the Sunday provided RedHill with no time to respond to or even discuss the Offer with UCW.
What choices do I have in response to the Offer?	<p>As a Shareholder you have the following three choices in respect of your RedHill Shares:</p> <ul style="list-style-type: none"> ▪ REJECT the Offer and remain a RedHill Shareholder – to reject the Offer simply do nothing – ignore all documents sent to you by UCW. This option is your Directors' unanimous recommendation; ▪ sell your RedHill Shares on the ASX (unless you have previously accepted the Offer). As at the date of this Target's Statement, the VWAP of RedHill Shares since UCW announced its Offer is A\$0.834 per Share²⁸. ▪ accept the Offer by following the instructions set out in sections 8.6 of the Bidder's Statement. <p>There are implications for you in relation to each of these choices. An outline of these implications is set out in Section 5 of this Target's Statement.</p>
Will RedHill remain listed on the ASX?	<p>That depends on the outcome of the Offer.</p> <p>In the event the Offer is successful and UCW acquires 90% of RedHill Shares, UCW has stated that it will proceed to compulsorily acquire the Shares of RedHill Shareholders that do not accept the Offer. This will result in RedHill being delisted.</p> <p>If UCW controls more than 50.1% but less than 90% of RedHill Shares, and then only if UCW declares the Offer unconditional or the 90% minimum acceptance condition to UCW's Offer is waived or satisfied, UCW may also have the ability to remove RedHill from the official list of ASX. See Section 6.5 for further details.</p>
Does the Offer extend to all RedHill Shares?	Yes. The Offer extends to all existing RedHill Shares and to all new RedHill Shares that are issued after the date of the Offer.
How to respond to the Offer	
What do your Directors recommend?	<p><u>Your Directors unanimously recommend that you REJECT the Offer, for the reasons set out in Section 2.2 of this Target's Statement.</u></p> <p>If there is a change to this recommendation or any material developments in relation to the Offer, RedHill will keep you fully informed.</p>
What do your Directors intend to do with their own Shares?	All of your Directors intend to REJECT the Offer.

²⁸ Calculated using the cumulative volume and cumulative value of RedHill Shares traded over the period on and from 14 December 2020 to 11 January 2021 inclusive (source: IRESS)

Question	Answer
<p>When do I have to make a decision?</p>	<p>If you wish to follow your Directors' unanimous recommendation to REJECT the Offer, you do not need to do anything. You should IGNORE all documents received from UCW.</p> <p>If you wish to accept the Offer, you must do so before its scheduled closing date. UCW has stated that its Offer remains open until 5.00pm (Sydney time) on 29 January 2021. UCW has reserved the right to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See Section 6.7 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>
<p>Will UCW increase its Offer?</p>	<p>RedHill cannot say whether UCW will increase its Offer as this is a matter for UCW.</p>
<p>What happens if UCW increases its Offer or another offer emerges?</p>	<p>If UCW increases its Offer or another offer emerges from another party, your Directors will carefully consider the revised Offer and advise Shareholders accordingly.</p>
<p>What happens if I accept the Offer and a superior offer is subsequently made by a third party for my RedHill Shares?</p>	<p>If you accept the Offer, you cannot withdraw except in one limited circumstance: if UCW varies its Offer in a way that postpones for more than one month the time by which UCW must meet its obligations under its Offer. For example, if UCW extends the Offer Period for more than one month while its Offer remains conditional.</p> <p>You will be unable to accept any other superior offer that may emerge if you have accepted the Offer. As at the date of this Target's Statement, your Directors are not aware of any other offer. If any such other offer is made or any circumstances occur which, in the opinion of your Directors may eventuate in an alternate offer for your RedHill Shares, RedHill will update RedHill Shareholders on all material developments.</p>
<p>What happens if I do nothing?</p>	<p>If you do nothing you will keep your Shares and you will remain a RedHill Shareholder.</p> <p>However, If UCW acquires 90% or more of RedHill Shares, UCW has stated that it intends to compulsorily acquire your RedHill Shares. See Section 6.6 of this Target's Statement for more details.</p> <p>If UCW acquires between 50% and 90% of RedHill Shares under the Offer, and then only if UCW declares the Offer unconditional or the 90% minimum acceptance condition to UCW's Offer is waived or satisfied, you will be a minority shareholder in RedHill. The implications of this outcome are described in Section 6.4 of this Target's Statement.</p>
<p>What are the risks associated with continuing to hold RedHill Shares?</p>	<p>Those risks are outlined in Section 7.5 of this Target's Statement.</p>
<p>What are the risks associated with accepting the Offer and holding UCW shares?</p>	<p>Unfortunately, UCW has failed to adequately describe the risks of accepting the Offer and holding UCW Shares. RedHill Directors' consider that some of the risks of holding UCW shares, which are specific to UCW, would include (but are not limited to):</p> <ul style="list-style-type: none"> ▪ illiquidity of its trading shares; ▪ weaker balance sheet position; ▪ unclear Board and management composition; ▪ heightened regulatory risks; ▪ international risk rating; ▪ poor track record of acquisitions; and ▪ failure to deliver stated \$3m of synergies <p>Refer to Section 6.3(b) on page 29 for further information on the above risks.</p> <p>In addition, further to the above risks specific to UCW, your Directors also believe the broader risks faced by RedHill, as outlined in Section 7.5 of this Target's Statement, are also applicable for those Redhill shareholders who accept the Offer and receive UCW Shares.</p>

Question	Answer
If I accept the Offer now, can I withdraw my acceptance later?	<p>No, except in one limited circumstance.</p> <p>You may only withdraw your acceptance before the Offer Period ends if UCW varies its Offer in a way that postpones the period UCW is required to satisfy its obligations by more than one month and UCW's Offer is still subject to one or more Conditions. This circumstance will occur if UCW extends the Offer Period by more than one month while UCW's Offer is still subject to any Condition.</p>
Can UCW extend the closing date of its Offer?	<p>Yes. UCW has stated that its Offer remains open until 5.00pm (Sydney time) on 29 January 2021, unless it is withdrawn or extended under the Corporations Act. UCW has reserved the right to extend the Offer Period in accordance with the Corporations Act.</p> <p>In addition, the Offer Period may be extended automatically in certain circumstances. See Section 6.7 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>
Can I be forced to sell my RedHill Shares?	<p>You cannot be forced to sell your RedHill Shares unless UCW is legally allowed to proceed to compulsory acquisition of RedHill Shares. This will only occur if UCW acquires at least 90% of all RedHill Shares (under the Offer or otherwise) and it elects to proceed to compulsorily acquire the outstanding RedHill Shares.</p> <p>If UCW does compulsorily acquire the outstanding RedHill Shares following its acquisition of at least 90% of RedHill Shares under the Offer, you will receive the same Offer Consideration for your RedHill Shares that you would have received under the Offer, but it will take longer for you to receive the Offer Consideration.</p> <p>For more information about compulsory acquisition refer to Section 6.6 of this Target's Statement.</p>
Can I accept the Offer for only some of my RedHill Shares?	<p>No. The terms of the Offer allow you to accept the Offer only for all of your RedHill Shares. Special rules apply to nominees and others holding RedHill Shares for different accounts.</p>
When will I receive the Offer Consideration if I accept the Offer?	<p>It is important to understand that even if you accept UCW's Offer, you will not receive the Offer Consideration unless all of the Conditions are satisfied or waived.</p> <p>If UCW's Offer becomes unconditional, you will receive your Offer Consideration by the earlier of:</p> <ul style="list-style-type: none"> ▪ one month after the date of your acceptance of UCW's Offer or, if UCW's Offer is subject to a Condition when you accept UCW's Offer, within one month after the contract arising from your acceptance of UCW's Offer becomes unconditional; and ▪ 21 days after the end of the Offer Period.
Will I need to pay brokerage or stamp duty if I accept the Offer?	<p>If your RedHill Shares are registered in your name in an Issuer Sponsored Holding (your SRN starts with an 'I'), you will not incur any brokerage fees or pay stamp duty in connection with your acceptance of the Offer.</p> <p>If your RedHill Shares are registered in a CHESS Holding (your HIN starts with an 'X'), or if you are a beneficial owner whose Shares are registered in the name of a broker, bank, custodian or other nominee, you will not pay stamp duty by accepting the Offer. However, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p> <p>You may incur brokerage costs if you choose to sell your RedHill Shares on the ASX.</p>
Are there any taxation implications of accepting the Offer?	<p>A general outline of the tax implications for certain Australian-resident RedHill Shareholders of accepting the Offer is set out in Section 8 of this Target's Statement. As that outline is general in nature and does not take into account your individual circumstances, you should not rely on that outline as advice for your particular circumstances.</p> <p>You should seek your own independent advice on the taxation implications applicable to your specific circumstances.</p>

Question	Answer
<p>Are there any conditions to the Offer?</p>	<p>Yes, UCW's Offer is subject to a number of conditions:</p> <ul style="list-style-type: none"> ▪ 90% minimum acceptance condition by RedHill Shareholders; ▪ UCW Shareholder Approval condition; ▪ no significant acquisitions, disposals and other matters outside of the ordinary course of business by RedHill; ▪ no superior offer is made or announced for RedHill Shares before the Closing Date of UCW's Offer; ▪ no material adverse corporate or education related regulatory actions; and ▪ no prescribed occurrences. <p>The Conditions are set out in full in section 9.1 of the Bidder's Statement.</p> <p>To receive the Offer Consideration, all of the Conditions must be satisfied or waived by UCW before the Closing Date of UCW's Offer. Please refer to Section 6.2 of this Target's Statement for a discussion of the Conditions and their implications.</p>
<p>Are there any risks in accepting UCW's Offer while it is still conditional?</p>	<p>Yes. If you accept UCW's Offer now while UCW's Offer is subject to Conditions, there are significant consequences for you including the following:</p> <ul style="list-style-type: none"> ▪ you will give up your right to sell your RedHill Shares on the ASX or to otherwise deal with them; ▪ you will give up your right to accept any superior offer from another bidder if such an offer is made; and ▪ you will give up control of your RedHill Shares and the Rights attaching to them to UCW with no guarantee of payment until UCW's Offer becomes unconditional, <p>subject in each case to your right to withdraw your acceptance of UCW's Offer in the limited circumstance outlined above in response to the question 'If I accept the Offer now, can I withdraw my acceptance later?'</p>
<p>What happens if I accept UCW's Offer and the Conditions are not satisfied or waived?</p>	<p>If the Conditions are not satisfied and UCW has not waived the Conditions before the end of the Offer Period, UCW's Offer will lapse and your acceptance of UCW's Offer will be void and of no effect whatsoever. In this circumstance it means that:</p> <ul style="list-style-type: none"> ▪ you will not receive any Offer Consideration for your RedHill Shares from UCW; and ▪ you will continue to own your RedHill Shares and you will then be free to deal with them.
<p>How will I know if UCW's Offer becomes unconditional?</p>	<p>UCW is required to inform RedHill, ASX and Shareholders as soon as any Conditions are satisfied or waived.</p> <p>Notices from UCW will be available via RedHill's ASX company announcements platform.</p> <p>UCW has set 22 January 2021 as the date on which it will give RedHill and ASX a notice required by law on the status of the Offer Conditions. This date will be extended if the Offer Period is extended.</p>
<p>What if I have further questions?</p>	<p>You should contact your legal, financial, taxation or other professional adviser. If you have any questions about the Offer or this document, please call the RedHill information line on 1300 148 799 or +61 3 9415 4265 (Monday to Friday between 8.30am and 5.00pm (AEDT)).</p> <p>If you have questions about your RedHill shareholding, please contact Computershare directly:</p> <p>Phone: 1300 850 505 (within Australia) Phone: +61 3 9415 4000 (outside Australia) Email: web.queries@computershare.com.au</p>

5. Your choices as a RedHill Shareholder

Your Directors unanimously recommend that you **REJECT** the Offer.

You have the following three choices available to you:

1. REJECT THE OFFER

To **REJECT** the Offer, you should do nothing. You are not required to take any action to reject the Offer. In particular, you should not complete or return the Acceptance Form that accompanied the Bidder's Statement nor should you respond to any documentation sent to you by UCW or any other communication from UCW (including telephone solicitation or canvassing by UCW or its representatives).

If you decide to do nothing, you should be aware of the risks associated with rejecting the Offer, including the rights of UCW to compulsorily acquire your RedHill Shares in certain circumstances. For further information on these risks, refer to Section 6.3(a) of this Target's Statement (on page 28).

2. SELL YOUR REDHILL SHARES ON THE ASX

During the Offer Period, you may sell your RedHill Shares on-market through ASX at the prevailing market price for cash (less any brokerage), provided you have not already accepted the Offer for those Shares.

As at the date of this Target's Statement, the VWAP of RedHill Shares since UCW announced its Offer is A\$0.834 per Share²⁹.

The latest trading price for RedHill Shares may be obtained from the ASX website www.asx.com.au using the code 'RDH'.

If you sell your RedHill Shares on-market, you will receive the consideration for that sale of your Shares sooner than if you accept UCW's Offer. If you sell your RedHill Shares on-market, you:

- will lose the ability to accept UCW's Offer and receive the Offer Consideration (and any possible increase in the Offer Consideration) in relation to those Shares;
- will lose the ability to accept any offer from a competing bidder if one eventuates;
- may incur a brokerage charge;
- will lose the opportunity to receive future returns from RedHill in relation to those RedHill Shares; and
- may receive consideration for your Shares the value of which is lower than the control value of your RedHill Shares.

You should contact your broker for information on how to sell your RedHill Shares through ASX and your tax adviser to determine your tax implications from such a sale.

3. ACCEPT THE OFFER

RedHill Shareholders who accept UCW's Offer:

- will not receive the Offer Consideration unless and until each of the Conditions of UCW's Offer are satisfied or waived;
- will not be able to withdraw their acceptance and sell their RedHill Shares, meaning that they would not be able to accept any offer from a competing bidder if one eventuates, except in certain limited circumstances. See Section 6.7 of this Target's Statement; and
- will exit their investment in RedHill completely and will not benefit if the market price for RedHill Shares on the ASX trades above the Implied Offer Value.

If UCW increases the Offer Consideration, all RedHill Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive the increased Offer Consideration.

Refer to Section 8.6 of the Bidder's Statement for directions on how to accept the Offer.

²⁹ Calculated using the cumulative volume and cumulative value of RedHill Shares traded over the period on and from 14 December 2020 to 11 January 2021 inclusive (source: IRESS).

6. Information about the Offer and other important issues

6.1 Summary of the Offer

Topic	Summary
The Offer	UCW is offering to acquire all of your RedHill Shares. Your Directors unanimously recommend that you REJECT the Offer and ignore all documents from UCW. You may accept the Offer for only All of your RedHill Shares. You cannot accept the Offer for part of your holding.
Offer Consideration	UCW is offering 4.5 UCW Shares for every 1 RedHill Share you hold.
Implied Offer Value	The Implied Offer Value of the Offer is A\$1.01 for every RedHill Share. ³⁰ RedHill Shareholders should be aware that the Implied Offer Value may vary depending on the underlying price at which UCW Shares trade. The RedHill share price is \$1.00 as at 11 January 2021.
Conditions	UCW's Offer is subject to a number of Conditions. See Section 6.2 of this Target's Statement for further details of your Directors' assessment of these Conditions. The Offer Consideration will only be received if all of the Conditions of UCW's Offer are satisfied or waived.
Offer closing date	The Offer is scheduled to close at 5.00pm (Sydney time) on 29 January 2021 unless the Offer is extended or withdrawn.
Procedural aspects	The Offer Period may be extended by UCW. The Offer Period may be required by law to be extended in certain circumstances. The Offer may be withdrawn in limited circumstances. UCW must notify RedHill and the ASX on the status of Conditions by a certain date. If you accept UCW's Offer and all of the Conditions are satisfied or waived, UCW is required to provide your Offer Consideration within a certain timeframe. These and other procedural aspects of the Offer are outlined in Section 6.7 of this Target's Statement.

6.2 Conditions of the Offer

UCW's Offer is subject to a number of Conditions which are set out in full in section 9.1 of the Bidder's Statement.

Unless all of these Conditions are satisfied or waived by UCW before the end of the Offer Period, UCW's Offer will lapse and no Offer Consideration will be received by any RedHill Shareholders who have accepted UCW's Offer. Furthermore, RedHill Shareholders who accept UCW's Offer will lose the ability to deal with their RedHill Shares including accepting any potential higher competing offer, except in certain limited circumstances.

When considering how these Conditions might affect the prospects of success of UCW's Offer, you should be aware of the following matters which are set out more fully in the table below:

- many of the Conditions are wholly or partly out of RedHill's control;
- there is no certainty on whether the Conditions will be satisfied; and
- many of the Conditions require RedHill to take (or refrain from taking) various actions, where satisfying those Conditions may not be in the interests of RedHill Shareholders.

³⁰ Based on \$0.225, being the closing price that UCW Shares traded on 11 January 2021.

Condition (adopting the Condition numbering in section 9.1 of the Bidder's Statement) ³¹	Likely to be satisfied?
<p>a 90% Minimum Acceptance Condition: UCW has a relevant interest in such number of Shares which represent at least 90% of all the Shares on issue at that time.</p>	<p>No. RedHill has received letters from Shareholders holding more than 10% of RedHill Shares stating they do not support the Offer and do not intend to accept it in respect of the RedHill Shares they own or control. This Condition is wholly outside RedHill's control.</p>
<p>b Shareholder approval condition: UCW Shareholders pass at a general meeting a resolution under ASX Listing Rule 7.1 authorising UCW to issue the Offer Consideration.</p>	<p>Unknown. This Condition is wholly outside RedHill's control.</p>
<p>c No significant transactions: RedHill Group enters into, or agrees to, any substantial transactions (acquisitions, disposals, undertaking or subjected to a substantial new liability) or engages or agrees to engage any new personnel, or terminates or materially change the terms or remuneration of any existing personnel, other than in the ordinary course of business.</p>	<p>Potentially not within RedHill's control. RedHill is not currently aware of any matters that have arisen since the Announcement Date, or which are reasonably likely to arise during the Offer Period, which are likely to breach this Condition.</p> <p>Nevertheless, while the RedHill Board does not consider it appropriate to deliberately frustrate the Offer, given the overall extent to which this Condition restricts RedHill's activities over a potentially lengthy period, your Directors consider that it is possible that by pursuing opportunities in the best interests of RedHill Shareholders this Condition could be breached in the future.</p> <p>RedHill will make any decision to pursue such an opportunity, or take any other action, having regard to the best interests of RedHill Shareholders, the fiduciary duties of RedHill and its Directors and the applicable policies of the Takeovers Panel. In those circumstances, UCW would then need to determine whether it will rely on a breach of this Condition.</p> <p>If UCW decides to rely on a breach of this Condition, UCW will not proceed with the Offer and any contract resulting from an acceptance will become void.</p>
<p>d No superior offer: before the end of the Offer, no superior offer is announced or a bidder's statement detailing a superior offer to the Offer is despatched to RedHill Shareholders without the prior written consent of UCW.</p>	<p>Unknown. This Condition is wholly outside RedHill's control.</p>
<p>e No material adverse regulatory action - corporate: no Government Agency takes any action that may restrain or prohibit the Offer or UCW acquiring Shares, or commences or threatens to commence proceedings to require UCW divest any Shares or RedHill Group assets without the prior written consent of UCW.</p>	<p>Unknown. Nothing has come to the attention of the RedHill Board which indicates that this Condition will not be satisfied. However, unforeseen events may emerge during the Offer Period which are partially or wholly outside RedHill's control and which may lead to a breach of this Condition.</p>
<p>f No material adverse regulatory action - education: no Government Agency takes any action that materially varies, restrains or prohibits RedHill's business activities.</p>	<p>Unknown. Nothing has come to the attention of the RedHill Board which indicates that this Condition will not be satisfied. However, unforeseen events may emerge during the Offer Period which are partially or wholly outside RedHill's control and which may lead to a breach of this Condition.</p>
<p>g No prescribed occurrences: No prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen.</p>	<p>Unknown. Nothing has come to the attention of the Board which indicates that this Condition will not be materially satisfied.</p>

6.3 Risks associated with the Offer

RedHill Shareholders should be aware of the following key risks associated with the Offer.

- (a) Risks associated with rejecting the Offer

³¹ This table provides a summary of the Conditions only. The Conditions are set out in full in section 9.1 of the Bidder's Statement.

If you choose to **reject** the Offer, you will not receive the Offer Consideration (UCW Shares) for your RedHill Shares. Instead you will remain a RedHill Shareholder and will continue to be subject to the risks associated with holding RedHill Shares. A non-exhaustive summary of those risks is set out in Section 7.5 of this Target's Statement.

If you choose to **reject** the Offer and UCW acquires less than 90% of RedHill Shares, and then only if UCW declares the Offer unconditional or the 90% minimum acceptance condition to UCW's Offer is waived or satisfied, you will also be exposed to the minority shareholder risks described in Section 6.4 of this Target's Statement.

(b) Risks associated with accepting the Offer.

If you accept UCW's Offer while it is conditional, you will immediately lose the following rights:

- you lose your right to sell your RedHill Shares on the ASX or otherwise deal with them;
- you lose your right to participate in a superior offer from another bidder should one emerge; and
- you lose the right to control your RedHill Shares and the rights attaching to them and give that to UCW with no guarantee of receiving the Offer Consideration until the Offer becomes unconditional.

In addition, if you accept the Offer, you will no longer be eligible to access the benefits of remaining a RedHill Shareholder, including any potential increase in the RedHill Share price above the Implied Offer Value.

You may also be liable to pay tax on the disposal of your RedHill Shares which may have financial consequences for some RedHill Shareholders. See Section 8 of this Target's Statement for further details of the tax consequences of accepting the Offer.

You are only able to withdraw your acceptance in the following limited circumstance: if UCW varies the Offer in a way that postpones for more than one month the time by which UCW must meet its obligations under the Offer. This circumstance will occur if UCW extends the Offer Period by more than one month and UCW's Offer is still subject to Conditions.

The effect of accepting the Offer is set out in section 8.9 of the Bidder's Statement. RedHill Shareholders should read those provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their RedHill Shares and the representations and warranties which they give by accepting UCW's Offer.

In particular, RedHill Shareholders should note that by accepting the Offer, UCW will be entitled to attend meetings of RedHill and vote on accepting RedHill Shareholders' behalf in respect of their RedHill Shares to defeat resolutions relating to competing offers which may adversely affect the success of the Offer and may impact the value you could receive for your Shares.

UCW has failed to adequately describe the risks of accepting the Offer and holding UCW Shares. RedHill Directors' consider that some of the risks of holding UCW shares, which are specific to UCW, would include (but are not limited to):

- **illiquidity of its trading shares:** UCW is a relatively illiquid stock, with only 7.8% of its share capital traded in the 12 months to 11 December 2020. Importantly, small trading volumes can have a significant impact on UCW's share price, with UCW's shares increasing approximately 59% (an increase in UCW's market capitalisation of \$7.6m) in the three months to 11 December 2020 based on only approximately \$278,000 worth of trading. Similarly, low volumes could decrease the value of UCW shares materially, which would impact the future market price of UCW shares and impact the value you receive when you sell your UCW shares;
- **weaker balance sheet position:** UCW has a significantly lower net cash position, relative to RedHill. Your Directors have not been given access to private due diligence on UCW and are not able to form a view on UCW's current balance sheet position and its cash requirements. There is a risk that UCW may need to raise equity capital to continue to operate and, if funding is available, it is likely to be dilutive to those who accept the Offer and receive UCW shares. This risk is further increased

should UCW acquire less than 90% of RedHill Shares and is therefore not able to access RedHill's significantly stronger cash balance;

- **unclear Board and Management composition:** The ultimate composition of the UCW Board following the transaction is unclear. Although UCW intends to invite Stephen Heath to the Board and Glenn Elith to the Executive Management Team, UCW has not discussed the proposed roles with either of them. In addition, David Buckingham, the proposed new chairman of UCW, has not yet been appointed and does not have any prior ASX listed board experience as a Chairman and it is unknown how he will interact with the other UCW board members and executives;
- **heightened regulatory risks:** UCW is not a Registered Training Organisation (RTO) with VET Student Loans (VSL) accreditation, which enables domestic students to access government tuition funding support. To achieve accreditation for VSL (which RedHill has) an RTO must meet stringent criteria, including student eligibility, academic suitability, and the requirement that all directors and senior management pass the "Fit and Proper Person Declaration" that is approved by the Australian Government. Lack of an RTO accreditation for VSL indicates UCW may have a potential inability to meet the stringent criteria, which may impact RedHill's businesses and financial performance following the acquisition;
- **international risk rating:** For the enrolment of international students, RedHill has a Level 1 Risk Rating, the best available from the Australian Government's Department of Home Affairs, as measured by criteria including strong financial viability and performance, high student completion rates, prioritising low risk source countries and achieving low rates of visa application rejections. UCW has not publicly stated its Risk Rating. If it is worse than RedHill's Level 1 then this indicates a potentially greater risk around financial viability, lower student completion rates, higher risk source nationalities, and higher visa rejection rates. Further, if RedHill is controlled by UCW, RedHill may lose its Level 1 Risk Rating which may impact RedHill's businesses and financial performance following the acquisition;
- **poor track record of acquisitions:** UCW has a poor track record of making acquisitions having fully impaired by \$6.1m its acquisition of shares in Gradability within two and a half years of the investment and the UCW CEO joining the Gradability board. UCW may not be able to successfully operate the more complex RedHill business, integrate the RedHill and UCW businesses nor realise any material synergies from the acquisitions which would impact the financial performance of the combined businesses and may materially impact the value of your shares; and
- **failure to deliver stated \$3 million in synergies:** The prospect of achieving synergies in M&A transactions is an important driver of value. There has been no due diligence undertaken by either UCW or RedHill on the transaction to confirm the potential synergy benefits. UCW has provided almost no details, calculations or assumptions to support its estimate of synergies so they cannot be verified by RedHill. UCW may not be able to successfully deliver the stated \$3m of synergies and the period for realising / achieving stated synergies through revenue or cost management is unclear. Further it is unclear what the potential costs to achieve any of the purported synergies may be.

The above risks are not exhaustive of all the UCW specific risks relevant to holding UCW shares. Further to the above risks specific to UCW, your Directors also believe the broader risks faced by RedHill, as outlined in Section 7.5 of this Target's Statement, are also applicable for those Redhill shareholders who accept the Offer and receive UCW Shares.

6.4 Consequences of UCW acquiring less than 90% of RedHill

If UCW acquires more than 50% but less than 90% of the RedHill Shares then, and then only if UCW declares the Offer unconditional or the 90% minimum acceptance condition to UCW's Offer is waived or satisfied, UCW will acquire a majority shareholding in RedHill.

In those circumstances, RedHill Shareholders who do not accept the Offer will become minority shareholders of RedHill. This outcome has a number of possible implications, including:

- UCW will be in a position to cast the majority of votes at a general meeting of RedHill, enabling UCW to control the composition of RedHill Board and senior management and the strategic direction of RedHill and its subsidiaries;
- the RedHill Share price may fall immediately following the end of the Offer Period although this may be mitigated by the underlying attractiveness of RedHill's business;
- the liquidity of RedHill Shares may be lower than at present;
- if the number of RedHill Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then UCW may seek to have RedHill removed from the official list of the ASX (delisting). If this occurs, RedHill Shares will not be able to be bought or sold on the ASX;
- UCW and RedHill will not be able to form an income tax consolidated group;
- UCW will not be able to access the assets of RedHill for its own purposes including the cash that RedHill holds on its balance sheet which may have implications for the financial position of UCW or its need to raise capital in the near term (see Section 2.2 above on page 8 for more detail); and
- UCW is unlikely to extract any of the purported synergies from the transaction.

In addition, if UCW acquires 75% or more of the RedHill Shares, and then only if UCW declares the Offer unconditional or the 90% minimum acceptance condition to UCW's Offer is waived or satisfied, it will be able to pass a special resolution at a meeting of RedHill Shareholders which, among other things, would enable UCW to pass amendments to RedHill's constitution.

If the Offer lapses or if UCW acquires less than 50% of RedHill Shares, the trading price of RedHill Shares may be higher or lower than the implied value of the Offer Consideration. If you remain a RedHill Shareholder in this circumstance, you will continue to enjoy the rewards and be subject to the risks, of being a RedHill Shareholder.

6.5 Potential delisting

UCW states in its Bidder's Statement that if it obtains greater than 90% of RedHill Shares, UCW will proceed to compulsorily acquire any remaining RedHill Shares, which will result in the delisting of RedHill from ASX. Alternatively, if UCW obtains more than 50.1% but less than 90% of RedHill Shares, and then only if UCW declares the Offer unconditional or the 90% minimum acceptance condition to UCW's Offer is waived or satisfied, UCW may also have the ability to delist RedHill from ASX. Therefore, there is a possibility of RedHill being delisted following the Offer. If this occurs, RedHill Shares will not be able to be bought or sold on the ASX.

As at the date of this Target's Statement, your Directors consider that it is unlikely that RedHill faces imminent delisting. **Your Directors wish to emphasise the following important legal protections to Shareholders regarding any potential delisting of RedHill:**

- any decision to apply to the ASX to delist RedHill would need to be made by the RedHill Board, not by UCW as the controlling Shareholder.
- the RedHill Board, including nominee directors appointed by UCW, could only decide to seek a delisting if the Board concludes that this action is in the best interests of RedHill and its Shareholders as a whole, at the relevant time.
- your Directors currently consider that the disadvantages for Shareholders of delisting outweigh any potential benefits. Therefore, your Directors' current intention would be to vote against any Board proposal to delist RedHill (however, your Directors' views may change depending on future circumstances including the final level of control achieved by UCW at the end of the Offer).
- even if (a majority of) the Board resolved to delist RedHill from ASX, this action would still require the ASX's consent and is likely to be subject to conditions imposed by ASX, which would be likely to include the approval of RedHill Shareholders by special resolution.
- ASX states³² that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity

³² See ASX Guidance Note 33 which sets out ASX's policy in relation to a delisting request.

from the ASX that is primarily or solely aimed at denying minority shareholders a market for their securities, in order to coerce them into accepting an offer from a controlling shareholder to buy out their securities, would be an unacceptable reason for requesting removal from the official list.

- the ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting.
- a key ASX guideline is that the approval of RedHill minority shareholders would most likely be needed for the ASX to allow delisting unless each of the following three conditions are met:
 - (a) UCW has at least 75% control of RedHill at the time delisting is sought; and
 - (b) there are *fewer than 150* RedHill Shareholders (excluding UCW and its related bodies corporate) whose shareholding is worth at least A\$500. As at the date of this Target's Statement, RedHill has approximately **486** Shareholders; and
 - (c) the Offer remains open for at least an additional two weeks after UCW attains at least 75% control of RedHill.

If, despite the above procedural protections, RedHill is ultimately delisted at some point in the future, any remaining RedHill Shareholders would be holders of unquoted shares. A delisting would result in a number of disadvantages for Shareholders such as:

- the absence of an orderly, transparent and timely mechanism for share trading;
- restricted information compared to that currently provided as RedHill would no longer be subject to the continuous disclosure requirements of the ASX Listing Rules. If RedHill remains a public company after delisting and has at least 100 members, RedHill would still be required to disclose material information to ASIC and likely on its website. Nevertheless, the level of shareholder reporting in these circumstances could be diminished; and
- the ceasing of various requirements and protections for minority shareholders under the ASX Listing Rules and the Corporations Act. Examples of provisions that would cease to apply include: restrictions on the issue of new securities, a governance framework for related party transactions, requirements to seek Shareholder approval for significant changes in the nature or scale of RedHill's activities and the annual consideration of a remuneration report.

6.6 Compulsory acquisition

- (a) Compulsory acquisition following the Offer

UCW states in its Bidder's Statement that if it becomes entitled to proceed to compulsorily acquire outstanding RedHill Shares at the end of the Offer Period under Part 6A.1 of the Corporations Act, it intends to do so.

If you choose to reject the Offer, you will only have your Shares compulsorily acquired if, by the end of the Offer Period, UCW:

- increases its ownership interest to at least 90%; and
- acquires at least 75% of the RedHill Shares that UCW offered to acquire.

If these thresholds are met, UCW will have one month after the end of the Offer Period within which to give compulsory acquisition notices to Shareholders who have not accepted the Offer.

- (b) Future compulsory acquisition by UCW

Even if UCW does not satisfy the compulsory acquisition threshold referred to in Section 6.6(a) of this Target's Statement, it is possible that UCW will, at some time after the end of the Offer Period, become the full beneficial holder of 90% of the RedHill Shares. If so, UCW would then have rights to compulsorily acquire RedHill Shares not owned by it within six months of becoming a 90% holder. The price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert at the relevant time.

- (c) Challenging compulsory acquisition

RedHill Shareholders have statutory rights to challenge any compulsory acquisition. However, a successful challenge will require the relevant RedHill Shareholders to establish to

the satisfaction of a court that the terms of the Offer do not represent *fair value* for the RedHill Shares.

If RedHill Shares are compulsorily acquired, Shareholders who have their RedHill Shares compulsorily acquired are not likely to receive the Offer Consideration for their RedHill Shares until at least one month after the compulsory acquisition notices are dispatched to them.

6.7 Procedural aspects of the Offer

Extension of the Offer Period	<p>UCW may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to below) while UCW's Offer is subject to Conditions.</p> <p>However, if UCW's Offer becomes unconditional (that is, if all the Conditions are satisfied or waived), UCW may extend the Offer Period at any time before the end of the Offer Period.</p> <p>In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:</p> <ul style="list-style-type: none"> ▪ UCW improves the Offer Consideration; or ▪ UCW's voting power in RedHill increases to more than 50%. <p>If either of these two events occur, the Offer Period is automatically extended so that it ends 14 days after the occurrence of the relevant event.</p> <p>The maximum duration of the Offer Period is 12 months.</p>
Notice of status of Conditions	<p>Section 9.4 of the Bidder's Statement has the effect that UCW will give a Notice of Status of Conditions to the ASX and RedHill no later than 22 January 2021, subject to variation if the Offer is extended.</p> <p>UCW is required to set out in its Notice of Status of Conditions:</p> <ul style="list-style-type: none"> ▪ whether UCW's Offer is free of any or all of the Conditions; ▪ whether, so far as UCW knows, any of the Conditions have been satisfied; and ▪ UCW's voting power in RedHill. <p>If the Offer Period is extended by a period before the current date by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In those circumstances, UCW is required, as soon as practicable after the extension, to give a notice to the ASX and RedHill that states the new date for the giving of the Notice of Status of Conditions.</p> <p>If a Condition is satisfied during the Offer Period, but before the date on which the Notice of Status of Conditions is required to be given, UCW must as soon as practicable give the ASX and RedHill a notice that states that the particular Condition has been satisfied.</p> <p>As of the day prior to the date of this Target's Statement, UCW had not given notice that any of the Conditions have been satisfied or waived.</p>
Withdrawal of Offer	<p>UCW may withdraw its Offer at any time but only in limited circumstances with the written consent of ASIC and subject to the conditions (if any) specified in ASIC's consent.</p>

Effect of acceptance	<p>If you accept UCW's Offer while it is conditional, you will immediately lose the following rights:</p> <ul style="list-style-type: none"> ▪ you lose your right to sell your RedHill Shares on the ASX or otherwise deal with them; ▪ you lose your right to participate in a superior offer from another bidder should one emerge; and ▪ you lose the right to control your RedHill Shares and the rights attaching to them and give that to UCW with no guarantee of receiving the Offer Consideration until the Offer becomes unconditional. <p>In addition, if you accept the Offer, you will no longer be eligible to access the benefits of remaining a RedHill Shareholder.</p> <p>You may also be liable to pay tax on the disposal of your RedHill Shares which may have financial consequences for some RedHill Shareholders. See Section 8 of this Target's Statement for further details of the tax consequences of accepting the Offer.</p>
Limited ability to withdraw your acceptance	<p>If you accept UCW's Offer, you may only withdraw your acceptance in a limited circumstance.</p> <p>You may only withdraw your acceptance of UCW's Offer if UCW varies its Offer in a way that postpones, for more than one month, the time when UCW needs to meet its obligations under the Offer. This will occur if UCW extends the Offer Period by more than one month and the Offer is still subject to Conditions.</p>
Timing for receipt of Offer Consideration if you accept	<p>The terms of UCW's Offer are that no Offer Consideration for any RedHill Shares accepted into the Offer will be made by UCW until the Offer becomes unconditional.</p> <p>If UCW's Offer becomes unconditional, you will receive your Offer Consideration by the earlier of:</p> <ul style="list-style-type: none"> ▪ one month after the date of your acceptance of UCW's Offer or, if the Offer is subject to a Condition when you accept the Offer, within one month after the contract arising from your acceptance of UCW's Offer becomes unconditional; and ▪ 21 days after the end of the Offer Period. <p>Refer to section 8.10 of the Bidder's Statement for further details on when you will receive your Offer Consideration from UCW.</p>
Effect of an improvement in Offer Consideration for Shareholders who have already accepted	<p>If UCW increases the Offer Consideration, all RedHill Shareholders, whether or not they have already accepted UCW's Offer before then, will be entitled to receive that increased Offer Consideration.</p>
Lapse of UCW's Offer	<p>UCW's Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period, in which case all contracts resulting from acceptance of UCW's Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will remain a RedHill Shareholder and will be free to deal with your RedHill Shares as you see fit.</p>

6.8 Effect of the Offer on RedHill incentive options plan and performance rights plan

RedHill operates a performance rights plan as part of its remuneration strategy for executives and employees, being the RedHill Rights Plan.

The objective of the RedHill Rights Plan is to reward employees through aligning this element of remuneration with accretion in long-term shareholder wealth.

Under the RedHill Rights Plan, senior executives and other employees may receive the issue of rights to acquire RedHill Shares where certain performance hurdles determined by the Board are satisfied including RedHill Performance Rights (**PR**) and RedHill Performance Share Appreciation Rights (**PSAR**). Each PR entitles the holder to one share on vesting and exercise. There is no exercise price pertaining to the PRs, although the PSARs have a notional exercise price which does not have to be paid but which is accounted for as part of the exercised rights value determined during settlement of exercised rights. PRs and PSARs carry no voting or dividend rights.

As at the date of this Target's Statement, the holders of RedHill Performance Rights are as set out in the table below:

Rights Holder	Number of RedHill Performance Rights	Number of RedHill Options
Glenn Elith	1,150,101	225,000
Simon Costain		75,000
Shin Shimizu		75,000
Roxana Ene		30,000
Benjamin Bagshaw		30,000
Reena Ram		30,000
Chaido Kiourkou		30,000
Total	1,150,101	495,000

In addition to the above, RedHill has proposed to issue up to 998,338 RedHill Performance Rights under the RedHill Rights Plan, further details of which are set out in RedHill's notice of annual general meeting released to the ASX on 19 October 2020 (**2020 Performance Rights**).

Under the terms of the RedHill Employee Incentive Plan and the RedHill Rights Plan 495,000 RedHill Options and 974,409 RedHill Performance Rights will vest in line with the change in control clauses in the respective schemes.

7. Profile of RedHill

7.1 Introduction

RedHill was incorporated in 30 May 2006 and listed on the ASX in 17 September 2010.

RedHill currently has approximately 486 Shareholders.

7.2 Operations

RedHill operates a number of specialist businesses in the private tertiary education market in Australia. RedHill operates from three campus locations in Sydney's CBD, and opened its substantial Melbourne CBD campus in September 2015. It delivers international student agency services and vocational and higher education courses in English language, creative digital technologies, managerial, marketing, computer coding and interior design to over 20,000 domestic and international students each year.

(a) **Online Course Delivery**

RedHill has fast-tracked its development of learning materials suitable for online course delivery and has increased the proportion of courses which it delivers online.

Your Directors expect that there will be an online delivery component for most of RedHill's existing and new courses in the future, and that revenues generated from courses delivered 100% online will increase over time.

(b) **Greenwich Online Academy**

In May 2020 RedHill launched 'Greenwich Online Academy', to deliver 100% online programmes to international students which complement existing English language and vocational courses delivered by Greenwich English College and Greenwich Management College.

Greenwich Online Academy programmes have been developed with the intention that they are marketed to international students so that they may:

- (i) commence their studies at Greenwich before they travel to Australia and have certain learning outcomes recognised toward their qualification once they arrive in Australia and complete their chosen course;
- (ii) undertake online studies while in quarantine when they arrive into Australia (if a period of quarantine is required); and
- (iii) engage with other students and teachers online to help them feel part of a learning community before they arrive into Australia.

(c) **Marketing focus on domestic and onshore international students**

With international borders closed and travel restrictions in place, RedHill is currently focusing its marketing effort towards domestic students and international students who are located in Australia and are seeking to undertake accredited higher education and vocational courses offered by RedHill.

After international borders re-open and international flights resume, RedHill will increase its marketing efforts towards international students who have not yet arrived into Australia.

(d) **Overheads management**

RedHill implemented a range of cost reduction activities in response to the COVID-19 pandemic. These measures included:

- (i) standing down approximately 67% of the non-teaching workforce;
- (ii) non-executive director fees were forfeited in Q4 of FY2020;
- (iii) reductions in discretionary costs such as marketing expenditure, travel and general office expenses;
- (iv) temporarily shutting most overseas offices;

- (v) negotiating rental relief with some landlords; and
 - (vi) pausing of non-essential capital expenditure, including the launch of a proposed Brisbane campus.
- (e) **Melbourne campus operations**
- RedHill launched its Melbourne campus in September 2015; doubled its size in January 2017; and expanded it by a further 50% in July 2018. At that time the Melbourne campus was approximately 4,800m² in size and had been fitted-out with 58 classrooms.
- Due to strong expected growth in student numbers at that time, the Melbourne campus was expanded by a further 19 classrooms in H2 of FY20. A lease commenced over the additional campus space in January 2020 and the additional classrooms were ready for use in March 2020 after completing a quality fit-out.
- RedHill's Melbourne campus operations have been significantly impacted by lockdown measures implemented by the Victorian State Government in response to the COVID-19 pandemic and by the international travel bans preventing new international students from travelling to Australia. The Melbourne campus is currently partially closed and some classes are continuing to be delivered fully or partially online.
- (f) **Interests in tertiary education in Australia**
- RedHill's directors expect the private tertiary education sector in Australia to be resilient. The Australia Government has identified the resumption of international student arrivals as part of its 'Roadmap to a COVIDSafe Australia' and RedHill has advised government and regulatory bodies on its desire to participate in pilot programs to demonstrate that international students can be brought into Australia in a safe and supported manner.
- RedHill continues to receive interest from prospective international students who are not yet in Australia and has a growing pipeline of enrolment applications from people in its key target markets who have indicated their intention to travel to Australia and undertake tertiary studies when COVID-19 pandemic conditions improve and commercial flights resume.

7.3 Directors

Name	Title
Mr Stephen Heath	Chairman
Mr Glenn Elith	Managing Director, CEO
Mr William Deane	Non-Executive Director
Ms Sandra Hook	Non-Executive Director

A biography of each Director is set out below:

Mr Stephen Heath

Stephen is a specialist in consumer goods brand management with over twenty-five years of retail, distribution and manufacturing experience. His executive career included holding the roles of Managing Director & CEO of some of Australia's best-known consumer brand companies including Rebel Sport, Godfrey's & Fantastic Holdings with operational experience in Australia, New Zealand, and Asia.

His current non-executive directorship roles include Temple & Webster (ASX: TPW) Australia's leading on-line Furniture and Homewares retailer where he also holds the role of Chairman, Shiro Limited, where he is also Chairman and Glasshouse Fragrances, Australia's leading Home Fragrance brand. He is also a member of the Investment Committee of a prominent private family investment office advising and overseeing a portfolio of diversified consumer brands, companies and property investments.

Mr Glenn Elith

Glenn commenced his professional career in the audit division of Coopers and Lybrand (now PwC), where he obtained the chartered accounting qualification. He has developed a broad operational and

strategic perspective by working across multiple business sectors including manufacturing, consumer goods, hospitality, retail and services. He has worked at large organisations including Lion Nathan (now Lion Co) and George Weston Foods, and at high-growth entrepreneurial businesses including specialty retailer Macro Wholefoods Market (acquired by Woolworths Limited). Glenn joined RedHill in January 2012, and was appointed Chief Executive Officer in March of that year. Glenn is also currently a member of the NSW Government's StudyNSW International Student Advisory Board, which seeks to enhance the experiences and support for international students living and studying in NSW.

Mr William Deane

Will is managing director of Exto Partners Pty Ltd a Sydney based venture capital firm he co-founded in 2003. Will has co-founded, invested in or been a director of more than a dozen high growth, global businesses. He has successfully managed IPOs, mergers and acquisitions for Exto's portfolio companies. Will is currently Chair of Tuned Global and Zetaris and is a director of Tribe. Will was previously a corporate lawyer, having worked in Australia with Ashursts and in New York with Sidley Austin LLP and Skadden, Arp, Slate, Meagher and Flom LLP. He advised corporations on capital raising, stock exchange listing (NYSE, NASDAQ and ASX), mergers and acquisitions and general corporate matters. Will is admitted to practice law in Victoria, Australia and New York, USA and has an L.L.B. (hons) from Bond University and a B.A (hons) from the University of Sydney.

Ms Sandra Hook

Sandra is an experienced Non-Executive Director currently holding positions on ASX, public, private and not for profit, across a range of sectors including; technology, media, health, education, tourism and professional services.

She has a successful track record as a Managing Director, CEO and Senior Executive across Australia's largest media organisations including News Corp, Foxtel and Fairfax where she led commercially successful businesses, driving growth and leading change for many of Australia's most widely recognised media brands. She has successfully delivered brand and portfolio strategies, transitioned traditional organisations in rapidly evolving environments and brings a strong focus on strategy, customer-centric growth and digital innovation at Board level.

Her current non-executive roles include IVE Group (ASX:IVE) Australia's leading integrated marketing services company; MedAdvisor (ASX:MDR) a global software company supporting personal medication management; Sydney Fish Market; Sydney Harbour Federation Trust and Co-operative Research Centre Fight Food Waste.

7.4 Financial information

RedHill's last published financial statements are for the financial year ended 30 June 2020, as set out in its *Annual Report for the year ended 30 June 2020* announced on the ASX on 24 September 2020.

On 6 January 2021, RedHill provided a market update advising that first half revenue for the FY2021 year was expected to be in the range of \$22.4 million to \$22.8 million (subject to final audit) and that cash on hand as at 31 December 2020 was expected to be \$23.1 million.

Except as set out in this Target's Statement and in RedHill's ASX announcement on 6 January 2021, your Directors are not aware of any material changes to the financial position of RedHill since the release of the above financial information.

7.5 Key risks faced by RedHill

Set out below is a summary of the key risks to which RedHill Shareholders will continue to be exposed if they reject the Offer and retain their current investment in RedHill Shares. The risks identified in this Section are not an exhaustive list of all of the risks relevant to RedHill. No assurances or guarantees are given as to RedHill's future performance, profitability or dividend payments.

RedHill specific risks	
International disruption and the impact of the coronavirus (COVID-19) pandemic	<p>A large proportion of RedHill's operational and financial performance is dependent upon, and will continue to be impacted by, the demand for providing services and courses to international students undertaking studies in Australia. A range of possible disruptive circumstances or events (for example, outbreak of disease, political unrest and tensions, restrictions on movements between countries and negative international relations) may reduce the appeal of Australia as a study destination and may result in a decline in the demand from international students seeking to study in Australia from RedHill's source markets.</p> <p>Any present or future circumstances which reduce the attractiveness of Australia as a study destination may have a material adverse impact on RedHill's financial position and performance.</p> <p>The circumstances relating to COVID-19 have resulted in domestic and international governments and regulatory authorities implementing and enforcing formal travel bans, lockdowns, quarantines, and social-distancing requirements which are completely out of RedHill's control. These actions and other COVID-19 pandemic implications are having a material adverse effect on RedHill's operations and performance.</p> <p>There is continued uncertainty as to the duration and further impact of COVID-19 including (but not limited to) in relation to government policy, legislation, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions, social instability and the impact on global economies. There is no certainty that demand for RedHill's services or courses will normalise to a level that existed prior to the impact of COVID-19, or how long a process of normalisation could take, even after the lifting of travel restrictions.</p> <p>While RedHill expects it will have sufficient liquidity to deal with the circumstances relating to COVID-19, there is a risk that if the duration of events surrounding COVID-19 are prolonged, RedHill may need to take additional measures in order to respond appropriately.</p> <p>There are other changes in the domestic and global economic outlook associated with the events relating to COVID-19 that are beyond the control of RedHill and may affect RedHill's financial position and performance. These include (but are not limited to) changes in inflation rates, interest rates, foreign currency exchange rates, employment rates, labour costs, international travel costs, and changes in general economic conditions (for example, an economic recession or downturn).</p> <p>RedHill has already taken decisive steps in an effort to mitigate the impact of COVID-19, including but not limited to revoking its FY20 interim dividend, migrating all courses to 100% online delivery, standing down a large portion of the workforce, suspending non-executive director fees for Q4 of FY20, pausing of major capital expenditure, freezing of non-essential operating expenses, and accessing available government relief funding (including the Australian Federal Government's 'JobKeeper' scheme). Having already taken these measures, RedHill has more limited options available to it to further reduce costs should domestic and global economic conditions not improve.</p>
Competition	<p>RedHill operates in highly competitive markets across its geographies, addressable markets, products and services. If the actions of competitors or potential competitors become more effective, or if new competitors enter the market and RedHill is unable to appropriately respond to or counter these actions, RedHill's financial performance could be adversely affected or RedHill may be unable to compete successfully.</p> <p>An increase in competition in the markets in which RedHill operates could result in RedHill needing to increase its marketing and/or capital expenditure, reduce its tuition and service fees, revise its business strategy or alter other aspects of its business model to remain competitive. All of these factors could have a material adverse effect on RedHill's financial position and performance.</p>
Reliance on third party agents	<p>RedHill's business includes a network of third-party international student agents who provide student recruitment services into RedHill's English language, vocational and higher education courses and programmes. All of these relationships are non-exclusive and can be renegotiated or terminated at short notice. RedHill seeks to mitigate risk by having a diverse network of international student agents representing a wide range of international student nationalities, so as to reduce the reliance on any particular agent or student nationality. RedHill also owns Go Study agency business.</p> <p>Third party international student agents often collect fees from students which are required to be passed onto RedHill at the time that students undertake their</p>

	<p>studies, and there is a risk (particularly if an agent is facing financial distress, including as a result of COVID-19) that one or more of these agents fails to pay RedHill when payment is due, seeks to renegotiate or terminate its relationship with RedHill, does not provide a level of service consistent with that expected and required by RedHill, contravenes or is alleged to have contravened laws or regulations, incurs fines or penalties, or undertakes actions that cause other negative impacts to RedHill. Any of these matters could adversely affect RedHill's brand and business strategy, and may have an adverse effect on the operating and financial performance of RedHill.</p>
Regulatory registrations and accreditations	<p>The education industry in Australia is highly regulated. RedHill holds various tertiary education registrations and accreditations which are governed by legislation and standards authorities in Australia. Future changes to commonwealth, state or territory legislation or regulations, or an inability to retain any registrations or accreditations, or any delays to the approval of any registrations or accreditations, may adversely impact RedHill's financial position and performance.</p>
International student visa and immigration policies	<p>RedHill's business includes recruiting international students into its vocational and higher education courses to be delivered in Australia. Any future changes which are made to international student visa requirements in Australia, including working rights for certain visa types, or to Australian immigration policies for students from RedHill's source markets, may adversely impact the financial position and performance of RedHill.</p>
Exposure to Australian government funding and tuition loan arrangements	<p>RedHill's business includes being accredited to offer eligible domestic students Australian Government assistance for financing of their tertiary studies under the Higher Education Loan Program (HELP). RedHill is accredited to offer FEE-HELP to eligible domestic students undertaking higher education courses, and VET Student Loans to eligible domestic students undertaking certain vocational courses. Future changes to HELP legislation or regulations, or an inability by RedHill to retain or renew HELP accreditations, could have a material and adverse impact on RedHill's financial position and performance.</p> <p>The commonwealth, state and territory governments in Australia provide various forms of direct and indirect funding to certain tertiary education organisations and for certain courses and qualifications. Future changes by commonwealth, state or territory government to direct and indirect funding arrangements could directly impact RedHill's ability to successfully compete in certain areas, which could have a material and adverse impact on RedHill's financial position and performance.</p>
Fair Work Act and industrial Awards	<p>The employment arrangements for most of RedHill's employees fall under the jurisdiction of the <i>Fair Work Act 2009</i> (Cth) (Act), and the <i>Educational Services (Post-Secondary Education) Award 2020</i> (Award). Future changes to the Act or the Award, or any possible contraventions by RedHill of the Act or the Award, could have a material and adverse impact on RedHill's financial position and performance.</p>
Human resources	<p>RedHill's ability to operate successfully depends on the continuing efforts of its senior executives and other key employees who have certain competencies and expertise in the Australian tertiary education industry. The loss of one or more senior executive or key employee may have an adverse effect on RedHill's operations, and there is a risk it may not be able to attract and retain senior executives or key employees, or be able to recruit suitable replacements in a timely manner. Any loss of a senior executive or key employee, or any delay in recruiting their replacement, could impact the RedHill's ability to operate and achieve its growth strategies, which could have a material and adverse impact on RedHill's financial position and performance.</p> <p>Any outbreak of COVID-19 within RedHill's workforce may cause disruption to operations or reduced productivity during any period of employee quarantine or illness. Remote working arrangements to meet social distancing or quarantine requirements during the COVID-19 outbreak may have a material and adverse impact on RedHill's financial position and performance.</p>
Service delivery quality and student satisfaction	<p>RedHill delivers its courses and services in purpose built quality campuses and online, and engages experienced teachers and trainers to deliver its internally developed learning materials. Student surveys are regularly undertaken to measure satisfaction levels in a broad range of aspects of their study experience, and findings from these surveys are used to provide performance feedback to employees and to identify continuous improvement activities. RedHill also invests in providing other support services to students including assistance with internship placements, hosting of industry events and holding of events and exhibitions to showcase student works. Any factors or actions which undermine the service</p>

	<p>delivery quality and student satisfaction could have a material and adverse impact on RedHill's financial position and performance.</p>
<p>Inability to execute business strategy</p>	<p>RedHill may fail to implement or achieve its strategic objectives due to a range of factors, including management not prioritising delivery of the key initiatives, changes to the competitive environment that result in a change to the underlying assumptions of the strategy, poor cost management, loss of key employees, failure to effectively execute a project, or adverse economic shocks and uncertainty.</p> <p>As part of its strategy, RedHill may undertake acquisitions or divestments from time to time, or invest capital into new projects or initiatives, including possible campus footprint expansions. While RedHill is focused on maintaining a disciplined approach to its capital expenditure, such actions could result in a variability of earnings over time, which may have a material and adverse impact on RedHill's financial position and performance.</p>
<p>Recruiting international students for other education organisations</p>	<p>RedHill's business includes agreements to recruit students to be enrolled into other third party education organisations. These agreements are non-exclusive with no fixed term and can generally be terminated on short notice.</p> <p>There is a risk (particularly to the extent that the other education organisations are facing financial distress, including as a result of COVID-19) that the other education organisation could fail to pay RedHill when payments are due, terminate or vary the terms of the agreements, enter into relationships with any of RedHill's competitors, or undertake recruitment activities in their own right. Any of these actions could have a material and adverse impact on RedHill's financial position and performance.</p>
<p>Changes in graduate employment prospects</p>	<p>A measure of RedHill's operational success is its students achieving desired learning outcomes, which may include gaining relevant employment on graduation. Any factors which adversely impact the employment prospects of RedHill's graduating students may reduce the appeal or demand for certain courses, which could have a material and adverse impact on RedHill's financial position and performance.</p>
<p>Industry and brand reputation</p>	<p>The success of RedHill is dependent on its industry and brand reputation. Maintaining a good reputation will assist RedHill to maintain its market position, its registrations and accreditations, its relationship with international student agents and other service providers, its relationship with client education organisations, its ability to attract and retain capable employees, and its ability to attract students. Any factors or actions which undermine the strength of RedHill's industry and brand reputation could have a material and adverse impact on RedHill's financial position and performance.</p> <p>Allegations of wrongdoing on the part of RedHill or any other tertiary education organisation, could attract negative media coverage or Australian regulatory authority scrutiny which focuses not only on the individual education organisation in question but on the tertiary education sector as a whole. Any factors which result in negative media coverage or Australian regulatory authority scrutiny towards RedHill or the tertiary education sector could have a material and adverse impact on RedHill's financial position and performance.</p>
<p>Leased premises</p>	<p>RedHill does not own any properties for the purpose of its operations, but instead enters into commercial leasing agreements for suitable premises. There is a risk that RedHill may not be able to retain existing leased premises on favourable commercial terms, or secure suitable new leased premises on favourable commercial leasing terms to meeting the operating needs and growth aspirations of the business. Failure to enter into commercial leasing agreements on favourable terms could have a material and adverse impact on RedHill's financial position and performance.</p>
<p>Impairment of intangibles</p>	<p>RedHill's intangible assets comprise of right of use assets, goodwill, and copyrights.</p> <p>Intangible assets are assessed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that an impairment might be required. There is a risk that changes in circumstances may require an impairment charge which could have a material and adverse impact on RedHill's financial position and performance. This risk has been reduced as RedHill impaired certain right of use assets, goodwill and copyrights as a result of the impacts of COVID-19 in FY20.</p>

<p>Technology platforms may be disrupted, fail or be insufficient</p>	<p>RedHill relies on third party software products and services from a number of different providers to enable internal data management and reporting and the delivery of services to students. Although RedHill has back-up and recovery procedures in place, any significant interruption to its technology systems or a major loss of data could impair the ability of RedHill to continue to provide its services.</p> <p>Technology licences may be terminated or not renewed, or the technology suppliers may be subject to events, such as insolvency or technical failures, leading to temporary or permanent loss of services and failure to complete developments or upgrades when anticipated.</p> <p>If any of RedHill's third party provided technology platforms prove to be insufficient for its needs, or are disrupted or fail, this could adversely affect operations and require that RedHill outlays additional capital to improve, replace or fix the platforms. This investment could have a material and adverse impact on RedHill's financial position and performance.</p>
<p>Protection and security of personal information and data</p>	<p>In order to conduct its operations, RedHill collects a wide range of personal and financial data from its students. This information includes, but is not limited to, students' personal address and contact details, copies of passports and visas, and banking details. RedHill's efforts to protect such information may be unsuccessful due to potential cyber-attacks, software bugs, technical malfunctions, employee error or other factors.</p> <p>Allegations of, or actual, unauthorised access or loss of such sensitive data could occur, resulting in a breach of RedHill's obligations under applicable laws or regulations, and legal or regulatory action against RedHill could be initiated in connection with any such breaches. In addition, the breach could impact student satisfaction and confidence in RedHill's security arrangements. Any such allegations or breaches of laws or regulations could have a material and adverse impact on RedHill's reputation, financial position and performance.</p>
<p>Overseas operations</p>	<p>RedHill operates in several overseas jurisdictions, which may change over time. It is required to comply with all applicable overseas laws and regulatory regimes, and future changes or non-compliances with these laws and regulations could have a material and adverse impact on RedHill's financial position and performance. In addition, the impacts of the COVID-19 pandemic may be different in each jurisdiction which may result in the impacts taking longer to resolve in some of RedHill's operations.</p>
<p>Protection of intellectual property</p>	<p>RedHill relies on laws relating to trade secrets, copyright and trademarks to assist with protecting its proprietary rights. However, there is a risk that unauthorised use of its intellectual property could occur. In addition, there is a risk that the validity, ownership or authorised use of intellectual property relevant to the business could be successfully challenged by third parties. This could involve significant expense and potentially result in RedHill being unable to use the intellectual property in question. Such an outcome could potentially have a material and adverse impact on RedHill's financial position and performance.</p>
<p>Ability to access capital or debt markets on favourable terms</p>	<p>If RedHill requires access to funding at any stage in the future, it may be adversely affected in a material way if, for any reason, access to that funding is not available.</p> <p>RedHill may seek capital funding or debt funding in the future. If RedHill is unable to access capital, or to obtain, renew, refinance, or repay any debt facilities on favourable terms within an acceptable time, it could have a material and adverse impact on RedHill's financial position and performance.</p> <p>There can be no assurance that additional funding will become available.</p> <p>Developments in global financial markets, such as the volatile and uncertain impact of COVID-19, may adversely affect the liquidity of domestic and global credit markets and RedHill's ability to access those markets.</p> <p>If funds are raised by issuing new equity securities in RedHill, it may result in dilution to the current shareholders of RedHill at that time.</p>
<p>Risk of litigation, claims and disputes</p>	<p>RedHill may be subject to litigation, claims and disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, and occupational and personal claims. Any such matters could involve prosecution, defence, and settlement costs, and consume management time in the dealing with any such litigation, claims and disputes. Any litigations, claims and disputes arising could have a material and adverse impact on RedHill's financial position and performance.</p>

Maintenance of adequate insurance cover	RedHill maintains adequate insurance cover that is consistent with prudent business practice, including workers' compensation, directors and officers, travel, public liability, property damage, business interruption, and other risks that may arise in the course of its operations. However, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any insurance cover will be adequate and available to cover all claims. Should RedHill be unable to maintain adequate insurance cover, or experience claims for losses in excess of the level of its insurance coverage, it could have a material and adverse impact on RedHill's financial position and performance.
Currency fluctuations	RedHill invoices for all of its courses and services in Australian dollars, meaning international currency fluctuations (including in connection with COVID-19) may affect the cost of courses for international students, and also may affect their cost of living while studying in Australia. Some international students will be price sensitive, and may choose not to travel to Australia to study or will travel to a different country if course or living costs increase as a result from any appreciation of the Australian dollar relative to other countries which are sources of students. As such, any appreciation of the Australian dollar relative to source markets may have a direct impact on demand for RedHill's courses and services, and could have a material and adverse impact on RedHill's financial position and performance.
General risks	
Market and an investment in shares	The market price of RedHill's shares will fluctuate due to various factors, many of which are non-specific to RedHill, including the number of potential buyers or sellers of RedHill shares on the ASX at any given time, recommendations by brokers and analysts, Australian and international general economic conditions (including as a result of the impacts of COVID-19), inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, changes in law, fire, flooding, extreme weather events, natural disasters, global geo-political events and hostilities, acts of terrorism, state of emergency declarations, outbreaks of pandemics, outbreaks of war, and investor perceptions. These factors may cause RedHill shares to trade at a lower price than they are currently.
General economic conditions	The trading price of RedHill shares may be adversely impacted by various factors, including new or changed governmental measures, business closures, lockdowns, quarantines, travel and other restrictions and resultant impacts on economies and financial markets. The historic share price performance of RedHill provides no guidance as to its future share price performance. Any deterioration in the domestic and global economy may have a material adverse effect on the performance of RedHill's business and RedHill's share price. It is possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.
Dividends	Any decisions regarding the payment of dividends in respect of RedHill's shares is determined at the discretion of RedHill's board of directors, having regard to relevant factors, which include RedHill's available profits, cashflow, financial condition, operating results, future capital requirements, covenants in relation to financing agreements, as well as economic conditions more broadly. There is no guarantee that a dividend will be paid by RedHill in future periods or, if paid, paid at historical levels.
Liquidity risk	RedHill is a listed entity. Therefore, the ability to sell RedHill shares will be a function of the turnover of the RedHill shares at the time of sale. Turnover itself is a function of the size of RedHill and also the cumulative investment intentions of all current and possible investors in RedHill at any one point in time.
Accounting standards may change	Future changes in Australian accounting standards may affect the reporting of RedHill's earnings and financial position from time to time. RedHill will continue to assess and disclose, when known, the impact of adopting new accounting standards.
Exposure to changes in tax rules or their interpretation	Changes may occur in the future to Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia in relation to equity investments. In particular, both the level and basis of taxation of an investment in RedHill Shares may change. An investment in RedHill Shares involves tax considerations which may differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in RedHill.

Regulatory risk	<p>RedHill is subject to a range of regulatory controls imposed by government (federal and state) and regulatory authorities (for example, ASX and ASIC). The relevant regulatory regimes are complex and are subject to change over time depending on changes in the laws and the policies of the governments and regulatory authorities.</p> <p>RedHill is exposed to the risk of changes to the applicable laws and/or the interpretation of existing laws which may have a negative effect on RedHill and/or returns to RedHill Shareholders or the risks associated with non-compliance with these laws (including reporting or other legal obligations). Non-compliance may result in financial penalties being levied against RedHill.</p>
Forward looking statements	<p>Certain statements in this Target's Statement are made as forward looking statements. These statements are predictions only and are subject to inherent risks and uncertainties. These uncertainties and risks relate to factors specific to RedHill as well as broader economic conditions both domestically and internationally. Actual outcomes of events or results may differ materially from the forward looking statements expressed or implied in this Target's Statement.</p>
Speculative nature of investments	<p>The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of RedHill Shares. Therefore, RedHill Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of RedHill Shares.</p>

8. Taxation consequences

8.1 Introduction

This Section provides a summary of the Australian income tax, goods and services tax (**GST**) and stamp duty implications for RedHill Shareholders on disposing of their RedHill Shares (through acceptance of the Offer or having them compulsorily acquired by UCW) in return for UCW shares.

This Section is relevant for Australian resident and foreign resident RedHill Shareholders that hold their RedHill Shares on capital account. This Section does not consider the Australian tax consequences for RedHill Shareholders:

- who hold their RedHill Shares as trading stock or as revenue assets;
- who hold their RedHill Shares as assets used in carrying on a business or as part of a profit-making undertaking or scheme;
- who acquired their RedHill Shares through an employee share, option or rights scheme;
- who are taken for capital gains tax purposes to have acquired their RedHill Shares before 20 September 1985;
- who are Australian tax residents but who hold their RedHill Shares as part of an enterprise carried on, at or through a permanent establishment in a foreign country;
- who are foreign resident shareholders who hold their RedHill Shares in carrying on a business through a permanent establishment in Australia;
- that are financial institutions, insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- who are subject to the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to gains and losses on their RedHill Shares.

The information in this Section is based on the Australian taxation law and practice in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every RedHill Shareholder.

RedHill Shareholders should seek independent professional advice regarding the taxation consequences of accepting the Offer and disposing of their RedHill Shares. RedHill Shareholders who are tax residents of a country other than Australia (whether or not they are also residents or temporary residents of Australia for tax purposes) should also take into account the tax consequences under the laws of their country of residence.

8.2 Taxation consequences of disposal of RedHill Shares by Australian residents

The below is a summary of the income tax consequences relevant for Australian resident RedHill Shareholders who dispose of their RedHill Shares (through acceptance of the Offer or having them compulsorily acquired by UCW).

RedHill Shareholders who accept the Offer

RedHill Shareholders who accept the Offer will dispose of their RedHill Shares by way of transfer to UCW in exchange for UCW Shares. The disposal of RedHill Shares to UCW under the Offer will constitute a capital gains tax (**CGT**) event for RedHill Shareholders. The CGT event will happen at the time RedHill Shareholders accept the Offer.

Compulsory acquisition

If a RedHill Shareholder does not accept the Offer and their RedHill Shares are compulsorily acquired by UCW, the RedHill Shareholder will be treated as having disposed of their RedHill Shares for CGT purposes at the time at which the RedHill Shares are acquired by UCW.

Calculation of capital gain or capital loss

Subject to the availability of roll over relief discussed below, RedHill Shareholders will:

- make a capital gain if the capital proceeds received on the disposal of their RedHill Shares are more than the cost base of those RedHill Shares; or
- make a capital loss if the capital proceeds received on the disposal of their RedHill Shares are less than the reduced cost base of those RedHill Shares.

The capital proceeds received by a RedHill Shareholder that accepts the Offer (or has their RedHill Shares compulsorily acquired by UCW) will be equal to the market value of the UCW Shares issued in exchange for the RedHill Shares acquired, which should be equal to the Implied Offer Value.

The cost base of RedHill Shares in the hands of the RedHill Shareholders will be broadly the sum of the original amount paid to acquire their RedHill Shares, any non-deductible incidental costs associated with the acquisition of the RedHill Shares and any non-deductible incidental costs associated with the disposal of the RedHill Shares to UCW.

The reduced cost base of the RedHill Shares is determined in a similar manner.

RedHill Shareholders may be entitled to reduce any capital gain on the disposal of their RedHill Shares by applying the CGT discount (discussed below).

CGT Discount

The CGT discount should be available to RedHill Shareholders who are individuals, trusts or complying superannuation funds and have held their RedHill Shares for at least 12 months before the time of the CGT event resulting in the disposal of the RedHill Shares by accepting the Offer (or having their RedHill Shares compulsorily acquired).

Broadly, the CGT discount rules enable the RedHill Shareholders to reduce their capital gain (after the application of any current year or prior year capital losses) by 50% for individuals and trusts and 33 1/3% for complying superannuation funds.

The CGT discount is not available to RedHill Shareholders that are companies.

The application of the CGT discount rules to a RedHill Shareholder that is a trustee of a trust is complex, particularly where distributions to beneficiaries of the trust are attributable to discounted capital gains. The ultimate access to the CGT discount may depend on a beneficiary's entitlement to the CGT discount amount under the terms of the relevant trust deed. RedHill Shareholders that are trustees of trusts should obtain specific tax advice.

Net capital gains or losses

If a RedHill Shareholder makes a capital gain from the disposal of their RedHill Shares, that capital gain will be combined with any other capital gains that the RedHill Shareholder has made for the same income year. Any available capital losses will then be applied against the total capital gains made for that income year, following which the CGT discount (if available) is applied to any remaining discount capital gains. A resulting net capital gain will be included in the RedHill Shareholder's assessable income for the income year.

A resulting net capital loss cannot be deducted against other income for income tax purposes, but may be carried forward to offset capital gains made in future income years (before taking into account the CGT discount, if available). Specific loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future years in some circumstances. RedHill Shareholders should seek their own tax advice in relation to the operation of these rules.

CGT roll over relief

RedHill Shareholders who accept the Offer or have their RedHill Shares compulsorily acquired and make a capital gain may be eligible to elect that CGT 'scrip for scrip' roll over relief applies provided UCW becomes the owner of 80% or more of the RedHill Shares and the relevant choices are made by RedHill and, if necessary, by UCW. It is expected that the other conditions to obtain roll over relief should be satisfied by the arrangement.

If UCW is not successful in acquiring 80% of the voting shares in RedHill, the roll over will not be available to any of the RedHill Shareholders (**80% Rule**) and those RedHill Shareholders will be assessed on any capital gain that arises, even though the RedHill Shareholder will not receive any cash from the exchange of their RedHill Shares for replacement UCW Shares.

Where it is necessary for UCW to make a joint election with RedHill Shareholders for roll over relief to occur, UCW would need to make the required joint election provided that the relevant RedHill Shareholder provides UCW information in relation to its cost base in the RedHill Shares (as UCW will require this information for the purposes of attending to its own tax obligations). UCW would also need to not make any choice or election that would prevent RedHill Shareholders from benefitting from rollover relief where available.

The consequences of choosing roll over relief for the RedHill Shareholders are as follows:

- (a) any capital gain in respect of the disposal of the RedHill Shares will be disregarded; and
- (b) the realisation of any capital gain will be deferred until a CGT event takes place in respect of the replacement UCW Shares.

A RedHill Shareholder who chooses roll over relief will be taken to have acquired their replacement UCW Shares at the time they acquired their original RedHill Shares. This is relevant to determine if the CGT discount rules apply on a future disposal of the replacement UCW Shares.

If a roll over is available and chosen, the existing cost base of a RedHill Shareholder in their RedHill Shares is allocated pro-rata to the replacement UCW Shares and will be used to determine any future CGT implications in relation to the replacement UCW Shares.

8.3 Taxation consequences of disposal of RedHill Shares by foreign residents

Generally, a RedHill Shareholder who is a foreign resident for Australian income tax purposes and who does not carry on business in Australia at or through a permanent establishment should be exempt from CGT on the disposal of their RedHill Shares, unless, broadly:

- the foreign resident RedHill Shareholder (together with its associates) holds 10% or more of the issued shares in RedHill at the time of the CGT event resulting from the disposal of the RedHill Shares or for any continuous twelve month period within two years preceding the time of the CGT event (**non-portfolio interest**); and
- more than 50% of the market value of RedHill is represented by direct or indirect interests in Australian real property (broadly, land situated in Australia and mining rights in respect of certain resources located in Australia) (**principal asset test**),

(collectively, the **TARP Test**).

The RedHill Board is currently of the view that the RedHill Shares do not satisfy the TARP Test as not more than 50% of the market value of RedHill is represented by direct or indirect interests in Australian real property (that is, the principal asset test limb of the TARP Test is not satisfied).

Nevertheless, RedHill recommends that foreign resident RedHill Shareholders seek their own advice on the Australian CGT implications of a disposal of their RedHill Shares, particularly if they (together with their associates) hold a non-portfolio interest.

Foreign resident RedHill Shareholders who are subject to CGT on the disposal of their RedHill Shares will not be entitled to the CGT discount in relation to that portion of the capital gain which relates to the period after 8 May 2012.

Foreign resident RedHill Shareholders should note that the Australian tax consequences from the disposal of RedHill Shares may be affected by any double tax agreement between Australia and their country of residence. Foreign resident RedHill Shareholders should obtain specific tax advice, including in their country of residence.

CGT roll over relief

CGT roll over relief will only be relevant and available to foreign resident RedHill Shareholders where both the RedHill Shares and the UCW Shares satisfy the TARP Test. The 80% Rule discussed above, as well as the other conditions to obtain roll over relief, will also apply to foreign resident RedHill Shareholders.

8.4 Foreign resident CGT payment rules

In respect of certain types of transactions entered into on or after 1 July 2016, and subject to certain exceptions, bidders in an off-market takeover are required to pay an amount equal to 12.5% of the offer consideration to the ATO (broadly referred to as the foreign resident CGT payment rules).

UCW has this obligation if the RedHill Shares acquired from a RedHill Shareholder satisfy the TARP Test and other conditions exist.

RedHill currently believes that the RedHill Shares do not satisfy the TARP Test. As such, RedHill currently does not expect that UCW should be required to pay any amount as a result of the proposed transaction.

Nevertheless, RedHill Shareholders should obtain independent tax advice as to the potential implications to them of the foreign resident CGT payment rules, noting that UCW would need to fund the relevant cash payment as the consideration is entirely comprised of UCW Shares (and there is no cash component from which a withholding could be made).

8.5 Stamp duty

No Australian stamp duty will be payable by a RedHill Shareholder on the transfer of their RedHill Shares or the acquisition of the UCW Shares under the Offer.

8.6 GST

The disposal of RedHill Shares or acquisition of UCW Shares by a RedHill Shareholder pursuant to the Offer should not be subject to GST, either as an input taxed financial supply, or an out-of-scope supply (depending on the circumstances of the RedHill Shareholder).

RedHill Shareholders may be charged GST on costs (such as brokerage and advisor fees) that relate to their participation in the Offer. RedHill Shareholders may not be entitled to claim full input tax credits for the GST included in such costs that relate to the disposal of their RedHill Shares or acquisition of UCW Shares. RedHill Shareholders should seek independent advice in relation to the impact of GST in their individual circumstances.

9. Additional information

9.1 Your Directors' interests and dealings in RedHill Shares

(a) Interests in RedHill securities

As at the date of this Target's Statement, the RedHill Directors and their respective interests in RedHill Shares are set out in the table below.

Name	RedHill Shares held by or on behalf of Director	RedHill Options held by or on behalf of Director	RedHill Performance Rights held by or on behalf of Director
Mr Stephen Heath	41,667	-	-
Mr Glenn Elith	325,000	225,000	1,150,101
Mr William Deane	254,667	-	-
Ms Sandra Hook	41,667	-	-
Total	663,001	225,000	1,150,101

(b) Dealings in RedHill Shares

Managing Director Glenn Elith was issued 408,586 Performance Rights and 402,257 Performance Share Appreciation Rights on 18 December 2020, in accordance with the RedHill Rights Plan and as approved by RedHill Shareholders at its annual general meeting on 19 November 2020.

No other RedHill Director has disposed of, or acquired, a relevant interest in any RedHill Shares in the four months ending on the date immediately before the date of this Target's Statement.

(c) Intentions in relation to the Offer

Your Directors intend to **REJECT** the Offer.

9.2 Your Directors' interests and dealings in UCW securities

(a) Interests in UCW securities

As at the date of this Target's Statement, no Director has a relevant interest in any securities of UCW.

(b) Dealings in UCW securities

No RedHill Director has acquired or disposed of a relevant interest in any securities of UCW in the four months ending on the date immediately before the date of this Target's Statement.

9.3 Benefits and agreements

(a) Directorships

As at the date of this Target's Statement, no Director of RedHill is a director of UCW.

(b) Benefits in connection with retirement from office

As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of RedHill.

(c) Agreements connected with or conditional on the Offer

There are no agreements made between any Director and any other person in connection with, or conditional on, the outcome of the Offer other than in their capacity as a holder of RedHill Shares.

(d) Benefits from UCW

No Director has agreed to receive, or is entitled to receive, any benefit from UCW which is conditional on, or is related to, the Offer, other than in their capacity as a holder of RedHill securities as outlined in Section 9.1(a) of this Target's Statement.

- (e) Material interests of Directors in contracts with UCW

No Director has any interest in any contract entered into by UCW.

9.4 Material litigation

Your Directors do not believe that RedHill is involved in any litigation or dispute which is material in the context of RedHill and the RedHill group of companies taken as a whole.

9.5 Issued capital

As at the date of this Target's Statement, RedHill's issued capital comprises:

- (a) 50,847,956 RedHill Shares;
- (b) 1,150,101 RedHill Performance Rights;
- (c) 495,000 RedHill Options; and
- (d) 4,167 fully paid ordinary shares from exercise of options issued in RedHill's employee incentive plan.

9.6 Substantial holders

As at the date of this Target's Statement, the following persons held an interest in RedHill Shares of more than 5% as disclosed in substantial holding notices provided to the ASX and RedHill's FY20 Annual Report:

Name	Number of RedHill Shares	Percentage of RedHill Shares ³³
UCW Limited ³⁴	11,415,119	22.45%
Perpetual Limited and its related bodies corporate	6,945,023	13.66%
Viburnum Funds group and associates	6,504,658	12.79%
Pendal Group Limited	5,042,824	9.92%
Welas Pty Ltd	3,737,632	7.35%
Regal Funds Management Pty Ltd	2,712,078	5.33%
Acorn Capital Limited	2,625,261	5.16%
Total³⁵	28,863,023	56.76%

9.7 ASX announcements

RedHill is a *disclosing entity* under the Corporations Act and therefore has continuous disclosure obligations under that legislation and also under the ASX Listing Rules. RedHill is required to immediately disclose to the market through ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of RedHill Shares, subject to certain exceptions.

RedHill is in compliance with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules. RedHill's announcements are available free of charge from the ASX website at www.asx.com.au (ASX code: RDH).

³³ Calculated as a percentage of RedHill's current Shares on issue of 50.9m. All percentages shown match RedHill's FY20 Annual Report and substantial holding notices filed except for Pendal and Regal. Pendal's substantial holder notice dated 26 June 2020 reported 5,042,824 Shares with voting power of 10.69%. Regal's substantial holder notice dated 29 October 2018 reported 2,712,078 shares with voting power of 8.84%.

³⁴ Relevant interest in RedHill Shares under pre-bid acceptance agreements entered into between Perpetual Limited and Viburnum Funds.

³⁵ Excluding shares that UCW have a relevant interest in pursuant to the pre-bid acceptance agreements between UCW and Perpetual Limited and Viburnum Funds.

RedHill's last published financial statements are for the financial year ended 30 June 2020, as set out in its Annual Report for the year ended 30 June 2020 announced on the ASX on 24 September 2020.

On 6 January 2021, RedHill provided a market update advising that first half revenue for the FY2021 year was expected to be in the range of \$22.4 million to \$22.8 million (subject to final audit) and that cash on hand as at 31 December 2020 was expected to be \$23.1 million.

A copy of the Annual Report is also available free of charge from RedHill on request and on RedHill's website at <https://www.redhilleducation.com/investor-centre/>.

9.8 Takeover response costs

The Offer will result in RedHill incurring expenses that would not otherwise have arisen in 2020 and 2021. These include legal, financial and other expenses from advisers engaged by RedHill to assist in responding to the Offer. The total cost of the takeover response depends on the outcome of the Offer, the duration of the Offer and required response activities, as well as the complexity of the issues addressed in the response. Therefore, it is difficult to estimate the likely total cost to RedHill. These defence costs will be reflected in RedHill's financial results for the financial year ending 30 June 2021.

9.9 Consents

MinterEllison has consented to being named in this Target's Statement as the legal adviser to RedHill and has not withdrawn that consent at the date of this Target's Statement.

E&P has consented to being named in this Target's Statement as the financial adviser to RedHill and has not withdrawn that consent at the date of this Target's Statement.

Computershare Investor Services Pty Limited has consented to being named in this Target's Statement as RedHill's share registry and has not withdrawn that consent at the date of this Target's Statement.

Each person named in this Section 9.9 of this Target's Statement as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- has not authorised or caused the issue of this Target's Statement;
- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

9.10 Reliance on ASIC class orders

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to the ASX. In accordance with this class order, the consent of UCW or the ASX (respectively) is not required for the inclusion of such statements in this Target's Statement. Any RedHill Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting RedHill.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements:

- fairly representing a statement by an official person; or
- from a public official document or published book, journal or comparable publication.

In addition, as permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement contains share price trading and financial data sourced from FactSet, IRESS and Bloomberg, without their consent.

9.11 ASIC declarations and Listing Rule waivers

As announced to the ASX on 11 January 2021, ASIC granted RedHill relief from the requirements of section 648C of the Corporations Act to allow RedHill to:

- deliver this Target's Statement by electronic mail to those RedHill Shareholders who have nominated to receive notices by electronic mail; and
- send a letter or postcard, instead of the full Target's Statement, to other RedHill Shareholders notifying them that they can access the Target's Statement on RedHill's website and the ASX.

RedHill has not been granted any waivers by the ASX in relation to the Offer.

9.12 No other material information

This Target's Statement is required to include all the information that RedHill Shareholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in the Target's Statement; and
- only if the information is known to any of your Directors.

Your Directors are of the opinion that the only information that RedHill Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- the information contained in releases by RedHill to the ASX before the date of this Target's Statement; and
- the information contained in this Target's Statement.

Your Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless expressly indicated otherwise in this Target's Statement). However, your Directors do not take any responsibility for the content of the Bidder's Statement and is not to be taken as endorsing, in any way, any or all statements contained therein.

In deciding what information should be included in this Target's Statement, your Directors have had regard to:

- the nature of RedHill Shares;
- the matters RedHill Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers to RedHill Shareholders;
- the nature of the Offer; and
- the time available to RedHill to prepare this Target's Statement.

9.13 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by your Directors.

Signed for and on behalf of RedHill by:



Mr Stephen Heath
Chairman
Date: 12 January 2021

10. Glossary and interpretation

10.1 Glossary

Term	Meaning
AEDT	Australian Eastern Daylight Time
Announcement Date	14 December 2020
ASIC	Australian Securities and Investments Commission
associate	has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time) as if section 12(1) of that Act included a reference to this Target's Statement and RedHill was the designated body
ASX	ASX Limited ABN 98 008 624 691 or, where the context otherwise requires, the financial market operated by it known as the Australian Securities Exchange
ASX Listing Rules	the Listing Rules of ASX, as amended or replaced
AUD or A\$ or \$	Australian dollars
Bidder's Statement	the bidder's statement by UCW dated 14 December 2020 setting out the terms and other information in relation to the Offer
CGT	capital gains tax
Conditions	each defeating condition to which UCW's Offer is subject, as set out in Section 9.1 of the Bidder's Statement
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Director	a director of RedHill
E&P	E&P Corporate Advisory Pty Ltd ACN 137 980 520
FY	financial year, which for RedHill is the year ending 30 June
GST	goods and services tax
Offer	the off-market takeover bid by UCW for all RedHill Shares, as described in the Bidder's Statement
Offer Consideration	the consideration offered under the Bidder's Statement, being 4.5 UCW Shares for every 1 RedHill Share
Offer Period	the period during which the Offer will remain open for acceptance in accordance with Section 3.4 of the Bidder's Statement
Implied Offer Value	the implied value offered by UCW under the Offer. As at the date of this Target's Statement, the Implied Offer Value is approximately A\$1.01 for each RedHill Share
RedHill	RedHill Education Limited ACN 119 952 493
RedHill Board or Board	the board of directors of RedHill
RedHill Director	a director of RedHill
RedHill Group	RedHill and its subsidiaries
RedHill Options	an Option issued under RedHill's Employee Incentive Plan
RedHill Performance Rights	a Performance Right or Performance Share Appreciation Right (as the case may be) issued under RedHill's Rights Plan
RedHill Share or Share	a fully paid ordinary share in the capital of RedHill
RedHill Shareholder or Shareholder	a holder of RedHill Shares
relevant interest	has the meaning given in sections 608 and 609 of the Corporations Act

Term	Meaning
Rights	all accreditations, rights or benefits of whatever kind attaching to or arising from RedHill Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends, distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by the RedHill Group after that date) but excluding any franking credits attached to a dividend or other distribution
Target's Statement	this document, being the statement of RedHill under Part 6.5 of the Corporations Act in response to the Offer
TARP Test	as defined in Section 8.3 of this Target's Statement
UCW	UCW Limited ACN 108 962 152
voting power	has the meaning given in section 610 of the Corporations Act
VWAP	volume weighted average price

10.2 Interpretation

In this Target's Statement, unless the context otherwise requires:

- the singular includes the plural and vice versa and words importing one gender include other genders;
- terms defined in the Corporations Act as at the date of this Target's Statement have the meanings given to them in the *Corporations Act 2001* (Cth) at that date;
- a reference to dollars, A\$, AUD, \$ and cents is a reference to Australian currency;
- a reference to a statute of any parliament or any section, provision or schedule of a statute of any parliament includes a reference to any statutory amendment, variation or consolidation of the statute, section, provision or schedule and includes all statutory instruments issued under the statute, section, provision or schedule;
- a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- a reference to a Section is a reference to a section of this Target's Statement;
- a reference to time is a reference to Sydney time; and
- headings and bold type are used for reference only.

Corporate Directory

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Mr Glenn Elith
Mr William Deane
Ms Sandra Hook

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