Prospectus

Important Information

This Prospectus is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this Prospectus.

The Offer

The Offer contained in this Prospectus is an invitation by Mayfield Childcare Ltd ACN 604 970 390 (**Company** or **Mayfield Childcare**) to eligible investors to acquire fully paid ordinary shares (**Shares**) in Mayfield Childcare.

This Prospectus has been prepared and issued by Mayfield Childcare in accordance with Chapter 6D of the Corporations Act.

For further information regarding the Offer please refer to Section 9.2.

Prospectus Lodgement and ASX Listing

This Prospectus is dated 14 November 2016 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. This is a replacement prospectus which replaced the prospectus dated 31 October 2016 and lodged with ASIC on that date (**Original Prospectus**). A summary of the material differences between the Original Prospectus and this Replacement Prospectus is as follows:

- additional disclosures at page 2 and Section 7 regarding the Forecast Financial Information, including consequential amendments at Section 5.2;
- additional disclosures in the Chairman's Letter regarding the key risks associated with Mayfield Childcare;
- additional disclosures at page 12 and Sections 2.9 and 10.14 to provide further detail regarding the costs associated with the Offer;
- additional disclosures in Sections 1.1 and 2.2 to provide further detail regarding the various individual Mayfield Childcare Centres;
- additional disclosures in Sections 1.1 and 2.5 regarding the Integration Plan;
- additional disclosure in Section 1.1 regarding the forecast Average Weighted Occupancy rate for the Mayfield Childcare Centres;
- additional disclosures in Sections 1.1, 1.4, 2.1 and 2.7 regarding the Quality Improvement Plan;
- additional disclosures in Sections 1.1, 1.3, 2.1, 2.7 and 5.2 regarding the potential Management Agreements;
- additional disclosure in Section 1.1 regarding certain costs associated with operating the Mayfield Childcare Centres at a group level;
- additional disclosure in Section 1.3 regarding competition risk;
- additional disclosure in Section 1.5 regarding related party transactions;
- additional disclosures at Section 7 to provide further background and detail regarding the nature and substance of the Financial Information; and
- updates to certain definitions in the Glossary which are ancillary to the above additional disclosures or relating to the lodgement of this Replacement Prospectus.

The Company has applied to ASX Limited ABN 98 008 624 691 (**ASX**) for admission to the Official List and for official quotation of the Shares on issue as at the date of this Prospectus and the Shares issued under the Offer.

Neither ASIC nor the ASX takes any responsibility for the content of this Prospectus. Admission to the

Official List is in no way an indication of the merits of the Offer or the Company.

It is expected that the Shares will be quoted on ASX initially on or about 28 November 2016. The Company, its advisors, the Share Registry, the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Expiry Date

This Prospectus expires on 27 November 2017 (**Expiry Date**). No Shares will be allotted, issued, transferred or sold on the basis of this Prospectus after the Expiry Date.

ASX BookBuild

The Company may at its discretion elect to use ASX BookBuild, the capital raising facility operated by ASX. See Section 1.7 for details about how the Company will announce its intention to use the facility, key parameters and additional information.

No investment advice

No person is authorised to provide any information, or to make any representation, about the Company or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus. Any information or representation which is not contained in this Prospectus may not be relied on as having been authorised by the Company, its advisors, the Joint Lead Managers or any other person in connection with the Offer. Except as required by law and only to the extent required by such law, none of the Company, persons named in this Prospectus nor any other person associated with the Company or the Offer guarantees or warrants the future performance of the Company, the return on an investment made under this Prospectus, the repayment of capital or the payment of dividends on the Shares.

Before deciding to accept the Offer, investors should read the entire Prospectus. The information contained in individual Sections is not intended to and does not provide an exhaustive review of the business and the financial affairs of the Company or the Shares offered under this Prospectus. The Offer does not take into account the investment objectives, financial situation or particular needs of individual investors.

You should carefully consider the risks (set out in Section 5) that impact on the Company in the context of your personal requirements (including your financial and taxation position) and, if required, seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser prior to deciding to accept the Offer. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No cooling-off regime (whether provided for by law or otherwise) applies in respect of the acquisition of Shares under this Prospectus.

Disclosing Entity

Once Mayfield Childcare is admitted to the Official List, the Company will be a disclosing entity for the purposes of the Corporations Act and will be subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance may not be indicative of future performance.

Financial Information

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 7. Section 7 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that Financial Information. The Forecast Financial Information presented in this Prospectus is on a best estimate basis and is based on the assumption of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited.

The Financial Information does not include all of the presentations and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. All pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Section 7.

Investors should note that certain Financial Information included in this Prospectus is not recognised

under Australian Accounting Standards, and is classified as non-IFRS financial information. Although the Directors believe that these measures provide useful information about the financial performance of Mayfield Childcare, they should be considered as supplements to the income statement and cash flow measures that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way Mayfield Childcare calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

Investors should note that Forecast Financial Information may be subject to uncertainty beyond the control of Mayfield Childcare, its Board and management. Therefore, the actual results may vary from the projected financial outcomes set out in the Forecast Financial Information.

Forward looking statements

This Prospectus contains forward-looking statements, including statements identified by use of words such as 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'targets', 'plans', 'goals', 'outlook', 'aims', 'may', 'will', 'would', 'could' or 'should' and other similar words that involve risks and uncertainties.

Except as set out above, the Company and the Directors cannot and do not make any representation, express or implied, in relation to forward-looking statements and you are cautioned not to place undue reliance on these statements. The Company does not intend to update or revise forward-looking statements, or to publish additional prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in Section 5. These and other factors could cause actual results to differ materially from those expressed in any statement contained in this Prospectus.

This Prospectus, including the industry overview in Section 3, includes market data and other information provided by third parties containing projections and estimates. No assurances can be made that the information from third parties contained in this Prospectus can be achieved. This information has not been independently verified by Mayfield Childcare or its advisors, and in addition, estimates involve risk and uncertainty and are subject to change, based on a number of factors including those set out in Section 5.

Overseas registration

The Offer contained in this Prospectus does not extend to any place in which, or to any person to whom, it would be unlawful to make an offer or invitation to apply for shares. No action has been taken to register or qualify this Prospectus, the Shares or the Offer, or to otherwise permit a public offering of the Shares, in any jurisdiction outside Australia.

Laws may restrict the distribution of this Prospectus outside of Australia. Accordingly, any persons who come into possession of this Prospectus outside Australia should seek advice on and act in accordance with any such restrictions. Any breach of such restrictions may constitute a violation of applicable securities laws.

This Prospectus may not be distributed to, for the account or benefit of, or relied upon by, persons in the United States. The Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state of the United States. Except in a transaction exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws, the Shares may not be offered or sold in the United States.

Exposure Period

Pursuant to the Corporations Act, the Original Prospectus was subject to an Exposure Period of seven days after the date of lodgement with ASIC, which was extended by ASIC by up to a further seven days.

The Exposure Period enabled the Original Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in the Original Prospectus. If deficiencies are detected, the Company will:

- return any Application Monies that the Company has received;

- provide each Applicant with a supplementary or replacement prospectus that corrects the deficiency, and give each Applicant the option to withdraw the Application within one month and be repaid their Application Monies; or

- issue to each Applicant the Shares, provide each Applicant with a supplementary or replacement prospectus that corrects the deficiency and give each Applicant the option to withdraw the Application within one month and be repaid their Application Monies.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the date on which the Offer opens at 9:00am (AEDT) on 15 November 2016.

Obtaining a Prospectus

This Prospectus is available to Australian investors in electronic form at www.mayfieldchildcare.com.au free of charge.

The Offer contained in this Prospectus in electronic form is available only to persons within Australia and is not available to persons in other jurisdictions (including the United States or US Persons) where the distribution of this Prospectus may be restricted by law. The Company is entitled to refuse an application for Shares under this Prospectus if it believes the Applicant received the Offer outside Australia.

Persons that receive a copy of this Prospectus in its electronic form may, before the Closing Date, obtain free of charge a copy of this Prospectus by calling the Joint Lead Managers, as set out in Section 1.7.

Applications

Applications may be made by completing the Application Form included in, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from www.mayfieldchildcare.com.au.

The Corporations Act prohibits any person from passing on to another person an Application Form unless it is included in, or accompanied by, the complete and unaltered version of this Prospectus.

Application Forms must not be completed by third parties, including authorised third parties (e.g. the Applicant's broker).

Privacy

By completing an Application Form, you are providing personal information to Mayfield Childcare and Link Market Services Limited (as the Company's Share Registry) which is contracted by the Company to manage Applications, and you consent to the collection and use of that personal information in accordance with these terms. That personal information will be collected, held and used both in and outside Australia by the Company, and the Share Registry on its behalf, to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company may not be able to process your Application.

Once you become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's public Share register. This information must continue to be included in the Company's public Share register even if you cease to be a Shareholder.

The Company and the Share Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Company's public Share register;

- printers and other companies for the purpose of preparation and distribution of documents and for handling mail;

- the Joint Lead Managers in order to assess your Application;

- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and

- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the Offer and for the associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Share Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by the public.

Currency

References in this Prospectus to currency are to Australian currency unless otherwise indicated.

Photographs and diagrams

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

Numbers

Numbers and numerical values used in this Prospectus, including percentages with reference to Average Occupancy and Average Weighted Occupancy, may be subject to rounding or approximation, including on the basis of the Directors' estimates having made all due and reasonable inquiries.

Defined terms and abbreviations

Some words and expressions used in this Prospectus have defined meanings, some of which are explained in the glossary in Section 11 or defined where they are first used. Defined terms are generally identifiable by the use of an upper case first letter.

Unless otherwise stated or implied, a reference to a date or time in this Prospectus is to the date or time in Melbourne, Australia. Unless otherwise stated or implied, references to dates or years are on a calendar basis.

Website

The Company website is www.mayfieldchildcare.com.au.

Information contained in or otherwise accessible through this or any related website is not a part of this Prospectus.

Applications

By lodging an Application Form, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not included in, or accompanied by, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Detailed instructions on completing the respective Application Forms can be found on the back of the Application Forms. The acceptance of an Application Form and the allocation of Shares are at the discretion of the Company.

Engagement Letter

The Offer is managed by the Joint Lead Managers pursuant to the terms of an Engagement Letter between the Joint Lead Managers and the Company.

Investigating Accountant's Reports on the Financial Information and financial services guide

The provider of the Investigating Accountant's Reports on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent review under the Corporations Act.

The Investigating Accountant's Reports and accompanying financial services guide are provided in Section 8.

Questions

If you have any questions about how to apply for Shares, please call your Broker or other advisor. Instructions on how to apply for Shares are set out in Section 9 of this Prospectus and on the back of the Application Form.

If you have any questions in relation to the Offer, please contact the Joint Lead Managers, whose details are set out in Section 1.7.

Index

Section 1 – Investment Overview	**13**
Section 2 – Company Overview	**31**
Section 3 – Industry Overview	**44**
Section 4 – Government regulation, funding and policy	**56**
Section 5 – Risk Factors	**63**
Section 6 – People, Interests and Benefits	**73**
Section 7 – Financial Information	**89**
Section 8 – Investigating Accountant's Report	**103**
Section 9 – Details Relating to the Offer	**111**
Section 10 – Additional Information	**122**
Section 11 – Glossary	**138**
Section 12 – Corporate Directory	**144**

Chairman's Letter

14 November 2016

Dear investor,

As Chairman of Mayfield Childcare and on behalf of the Board, it is a pleasure to invite you to become a Shareholder of our Company.

The Australian childcare sector is one of the significant pillars in this country that supports our working families.

In order to improve the quality of childcare services in Victoria, Mayfield Childcare is consolidating 16 long day care centres under common ownership to deliver more efficient and quality childcare. All of the Mayfield Childcare Centres we have agreed to acquire are currently based in Victoria, largely to the north and west but also to the south and east of Melbourne.

In total, the Mayfield Childcare Centres encompass 1,360 licensed childcare places. In bringing Childcare Centres together under common ownership, Mayfield Childcare aims to achieve and deliver benefits to the owners, parents, staff and children alike.

The quality of service that Mayfield Childcare intends to achieve amongst its Childcare Centres over time is the highest possible ACECQA rating. It is these high standards that we intend to achieve at Childcare Centres currently achieving less than that quality of service, which we believe parents, and most importantly children, deserve. By improving the quality of service at all of our Childcare Centres, Mayfield Childcare believes this will not only provide better care for our current children but greater occupancy and ultimately profits for Shareholders. The standards we seek to achieve are intended to ultimately provide a better educational outcome for the children who are under our care on a daily basis.

Mayfield Childcare believes there are significant operational benefits associated with bringing Childcare Centres together. These include accessing economies of scale via group purchasing and a reduction of administrative and overhead costs at each centre by centralising operations. Moreover, consolidation and close geographic proximity between centres provides an opportunity for flexible staff arrangements. However, at all times Mayfield Childcare's greatest priority will be to provide the highest possible care for the children under our care.

We believe there are significant opportunities for Mayfield Childcare to increase the occupancy at a number of the Childcare Centres we have agreed to acquire. As a result of their skills and deep understanding of the childcare sector, our Directors believe they can improve centre occupancy to enhance the Company's profitability.

Mayfield Childcare intends, after Listing, to acquire more Childcare Centres, including both profitable and underperforming Childcare Centres as they arise, with the intention of increasing their occupancy and therefore our overall profitability.

Pursuant to this Prospectus, Mayfield Childcare is offering to eligible investors the opportunity to subscribe for up to 24,000,000 fully paid ordinary shares in the Company at $1.00 per Share to raise $24,000,000. The Offer is managed by the Joint Lead Managers: Ord Minnett Limited and Taylor Collison Limited.

The purpose of the Offer is to fund the acquisition of the 16 Mayfield Childcare Centres, provide sufficient working capital to the Company, fund capital expenditures, fund the costs associated with the Listing and the Offer, and provide a platform for Mayfield Childcare to access further capital and equity at a later date.

Section 7 sets out the Historical Financial Information, together with the Pro Forma Historical Balance Sheet, Pro Forma Historical Results and Forecast Financial Information of the Mayfield Childcare Centres.

Naturally, all investments carry risk. In relation to Mayfield Childcare, these risks include:

- government regulation and law changes including, but not limited to, legislative changes that affect operational factors such as staff ratios and employment qualification criteria, or a change in government policy or legislation that affects the demand for childcare services;
- changes to government funding and subsidies;

- registration, assessment and regulation risk associated with each Mayfield Childcare Centre's compliance with the NQF;
- a Childcare Centre acquired by Mayfield Childcare being less profitable than might have been expected based on the analysis undertaken by the Company, including as a consequence of a change in ownership;
- any uncertainty associated with the Forecast Financial Information;
- the Company's due diligence inquiries not identifying all relevant risks and facts that may be material in determining whether or not a Childcare Centre is suitable for acquisition by Mayfield Childcare, or any information provided by the Vendors in connection with such due diligence proving to be unreliable; and
- the Company being unable to attract or retain the staff it requires to execute its business plan.

Potential investors are urged to refer and consider in full the 'Risk Factors' in Section 5. This Prospectus should be read in its entirety and I strongly recommend that potential investors do so to have a complete understanding of the Company, the childcare industry and the market risks that attach to public companies.

I do hope you find our Offer attractive and I look forward to welcoming you as a Shareholder of Mayfield Childcare.

Yours faithfully

Chairman

Peter Lowe

Key Offer Information

Key Dates

Lodgement of this Replacement Prospectus with ASIC	14 November 2016
Offer open	15 November 2016
Offer close (being the Closing Date)	18 November 2016
Allotment of Shares	24 November 2016
Expected posting of holding statements	25 November 2016
Expected commencing of Share trading on ASX	28 November 2016

This timetable is indicative only and may change.

The Joint Lead Managers, in consultation with the Company, reserve the right to vary the above dates without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer, in each case without notifying any recipient of this Prospectus or Applicants). This includes to close the Offer early, to extend the Offer, to accept late Applications and to withdraw the Offer altogether.

There is no general public offer. Applications will only be accepted by the Joint Lead Managers or the Company under the Broker Firm Offer, General Priority Offer or Institutional Offer (as defined in Section 1.7). The General Priority Offer is only open to investors nominated by the Company and invited to apply.

If the Offer is cancelled or withdrawn before the allocation of Shares (including as a result of the relevant conditions to the Offer not being satisfied), then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.

Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Key Offer Statistics

Offer Price	$1.00 per Share
Total number of Shares available to new investors under the Offer	24,000,000
Total proceeds under the Offer	$24,000,000
Total number of Shares on issue on Completion of the Offer	30,005,000
Market capitalisation at the Offer Price	$30,005,000
Pro Forma CY17 Forecast EBITDA	$5,568,000
Pro Forma CY17 Forecast NPAT	$3,530,000
Enterprise Value at the Offer Price	$37,180,830
Enterprise Value / Pro Forma CY17 Forecast EBITDA	6.68x
Offer Price / Pro Forma CY17 Forecast NPAT per Share	8.50x
Implied forecast dividend yield for CY17 at the Offer Price*	7.65%

* Based on a proposed dividend payout ratio of 65% of the Pro Forma CY17 Forecast NPAT. See Section 7 for more details.

Source of funds

Source of funds	$ Amount ('000)	%
Offer proceeds	$24,000	75%
Drawdown of Debt Facilities	$8,000	25%
Total	**$32,000**	**100%**

Use of proceeds

Use of the proceeds from the Offer and debt from the Debt Facility	$ Amount ('000)	%^
Acquisition of Mayfield Childcare Centres	$27,490	85.91%
Costs associated with the acquisitions of the Mayfield Childcare Centres and debt funding (ie. excluding the purchase price)	$1,264	3.95%
Integration and Mayfield Childcare Centre refurbishment costs	$460	1.44%
Offer costs, which are made up of the following estimates: ▪ *$746,490 – accounting, legal, banking, corporate and professional advising fees;* ▪ *$110,000 – Listing fee;* ▪ *$123,000 – advertising the Offer, printing the Prospectus and other share issue costs; and* ▪ *$1,440,000 – costs relating to agreements with the Joint Lead Managers and agents.*	$2,419	7.56%
Working capital for the Company	$366	1.14%
Total	**$32,000**	**100%**

^ Rounded to the nearest one hundredth of a percent.

The expected use of proceeds represents the Company's current intentions based on its present plans and business conditions. The amounts and timing of actual expenditure may vary significantly and will depend on numerous factors, including business and other commercial considerations.

The Directors believe that on Completion of the Offer, the Company's cash reserves, Debt Facility and the cash proceeds of the Offer will be sufficient to fund the Company's stated business objectives.

Section 1 – Investment Overview

Section 1 - Investment Overview

Question	Answer	More Detail
1.1 Introduction		
What business is Mayfield Childcare involved in?	Mayfield Childcare will initially own and manage the Mayfield Childcare Centres, being the 16 Childcare Centres in Victoria which it has entered into binding contracts to acquire, on or around Listing. Mayfield Childcare will operate in the Victorian childcare industry upon Listing, however the Company has plans to expand into other States in the future.	Section 2
What is the purpose of the Offer?	The purpose of the Offer is to: • fund the acquisition of the Mayfield Childcare Centres by Mayfield Childcare pursuant to the Acquisition Agreements; • provide sufficient working capital to the Company; • fund capital expenditures associated with the refurbishment of Mayfield Childcare Centres (and any additional Childcare Centres acquired by Mayfield Childcare after Listing); • fund the costs associated with the Listing and the Offer; and • improve the Company's future access to capital markets.	Section 2, Section 9 and Section 10
What are the main expected costs and revenue streams for Mayfield Childcare?	The majority of expenses incurred by Mayfield Childcare as the owner of the Mayfield Childcare Centres, are employee wages and rent paid to owner(s) of the premises from which the Mayfield Childcare Centres will operate. Certain additional costs may be incurred by Mayfield Childcare as a consequence of the integration of the individual Mayfield Childcare Centres, or the post integration operation of Mayfield Childcare, which are not currently incurred by the individual Mayfield Childcare Centres. Example of such costs are the costs associated with the Area Managers who are responsible for a number of Childcare Centres within a specified geographic area and who support each Centre Director, and certain head office costs. Mayfield Childcare will derive the majority of its revenue from a combination of the daily fees paid by parents and government subsidies for the childcare services its Mayfield Childcare Centres provide. Mayfield Childcare's revenue is linked to the total number of licensed places offered by the Mayfield Childcare Centres (and any additional Childcare Centres it may from time to time acquire), the occupancy rates (%) at those Childcare Centres and the respective daily fees charged for long day childcare services provided by those Childcare Centres. In future, and subject to entering into Management Agreements to manage Third Party Owned Childcare Centres, Mayfield Childcare expects to derive revenue under the Management Agreements. Revenue from Management Agreements has not been included in the Forecast Financial Information.	Section 2 and Section 7
What is the reason for the formation of Mayfield Childcare and consolidation of the Mayfield Childcare Centres?	Although significant consolidation has occurred in the Australian childcare industry over recent years, Mayfield Childcare believes that the industry remains highly fragmented. The Company believes there remain opportunities in the Australian childcare industry for further consolidation. Mayfield Childcare expects to achieve what it believes will be considerable advantages and benefits by amalgamating Childcare Centres under a central organisation and management structure. Mayfield Childcare believes that such advantages and benefits	Section 2 and Section 3

Question	Answer	More Detail
	include: • centralisation of head office functions and therefore a reduction in administrative costs; • reduced costs through efficiencies achieved in centralised regulatory compliance; • improved ability to achieve consistent and high quality service across the relevant Childcare Centres; and • better access to further capital for future growth.	
What further information can be provided about the Mayfield Childcare Centres?	Mayfield Childcare Centres represent 1,360 licensed places in Victoria. The Mayfield Childcare Centres are located in Victoria, including in the suburbs of Camberwell, Pakenham, Officer, South Morang, Bendigo, Macedon, Melton, Sydenham, Dandenong, Hoppers Crossing, Diamond Creek, Bayswater, Lilydale and Kilmore. Of the Mayfield Childcare Centres, • 5 are Large Sized Mature Centres. The total licensed places for these 5 centres is 556. 1 Large Sized Mature Centre has 70 licensed places and the other 4 have 100 or more licensed places. For the Large Sized Mature Centres, Average Weighted Occupancy is forecast to increase from 85% in FY16 to 89% in CY17. Average Weighted Occupancy for these 5 Large Sized Mature Centres was 92% in October 2016. • 4 are Medium Sized Mature Centres. The total licensed places for these 4 Medium Sized Mature Centres is 292. These Medium Sized Mature Centres have between 51 and 90 licensed places each. For the Medium Sized Mature Centres, Average Weighted Occupancy is forecast to increase from 73% in FY16 to 86% in CY17. Average Weighted Occupancy for these 4 Medium Sized Mature Centres was 86% in October 2016. • 3 are Small Sized Mature Centres. The total licensed places for these 3 Small Sized Mature Centres is 143. These Small Sized Mature Centres have between 43 and 51 licensed places each. For the Small Sized Mature Centres Average Weighted Occupancy is forecast to remain at 72% in CY17 the same as it was in FY16. Average Weighted Occupancy for these 3 Small Sized Mature Centres was 67% in October 2016. • 1 is a Trade up Centre. The total licensed places for this Trade up Centre is 59. For this Trade up Centre, CY17 forecast occupancy is forecast to be 60%, the same as it was in FY16. In October 2016, the occupancy was 46%. • 3 are Development Centres. The total licensed places for these 3 Development Centres is 310. These 3 Development Centres have between 90 and 120 licensed places each. For the Development Centres, Average Weighted Occupancy was 64% in October 2016 and is forecast to be 70% in CY17. In accordance with the terms of the Acquisition Agreements, Mayfield Childcare will be acquiring the Mayfield Childcare Centres at a Weighted Childcare Centre CY17 forecast multiple of 4.32x.	Section 2

<table>
<tr><th>Question</th><th>Answer</th><th>More Detail</th></tr>
<tr><td></td><td>Subject to adjustments under the Acquisition Agreements the aggregate amount payable by Mayfield Childcare for the acquisition of the Mayfield Childcare Centres is $27,490,000 subject to an additional amount which may be payable in relation to one centre, further details of which are set out in Section 10.8 (a).

Mayfield Childcare has agreed to pay the following amounts for the Mayfield Childcare Centres:
<table>
<tr><th>Purchase price</th><th>Number of Mayfield Childcare Centres</th></tr>
<tr><td>More than $5m</td><td>1</td></tr>
<tr><td>$3m - < $4m</td><td>2</td></tr>
<tr><td>$2m - < $3m</td><td>1</td></tr>
<tr><td>$1m - < $2m</td><td>6</td></tr>
<tr><td>Under $1m</td><td>6</td></tr>
<tr><td><u>Total</u>
$27,490,000</td><td><u>Total</u>
16</td></tr>
</table>
The Vendors are a mixture of companies and trusts. There are 9 Vendors who will be selling a single Mayfield Childcare Centre to Mayfield Childcare. Entities related to one Vendor will sell 3 Mayfield Childcare Centres to Mayfield Childcare. Entities related to another Vendor will sell 2 Mayfield Childcare Centres to Mayfield Childcare. Another Vendor will sell 2 Mayfield Childcare Centres to Mayfield Childcare.

Generally speaking, Mayfield Childcare intends to retain the existing names of the Mayfield Childcare Centres going forward, as it believes those Childcare Centres have built up considerable goodwill.</td><td></td></tr>
<tr><td>Why are all the Mayfield Childcare Centres located in Victoria?</td><td>The majority of the Mayfield Childcare Centres are within a 160 kilometre radius from the Melbourne CBD.

Mayfield Childcare believes that this provides considerable flexibility for the Company in terms of staff rostering, integration, monitoring and management, which Mayfield Childcare believes should result in cost savings and underpin the Company's ability to ensure consistent and high quality service is being delivered across the Mayfield Childcare Centres.

All of the Mayfield Childcare Centres are located in Victoria and the Company believes that having a focussed portfolio of Childcare Centres in a central geographic location will ensure a successful foundation for the Company.

Mayfield Childcare may look to acquire Childcare Centres in other States after Listing as the Company looks to grow and expand its operations.</td><td>Section 2</td></tr>
<tr><td>What is Mayfield Childcare's Integration Plan for the various Childcare Centres?</td><td>Mayfield Childcare has developed an Integration Plan to be used for the Mayfield Childcare Centres and any future Childcare Centres which the Company may acquire. The Integration Plan reflects the plans and intentions of the Company in relation to the integration of the various Mayfield Childcare Centres into a single business to be operated by Mayfield Childcare. There is no single or formal document which contains the Integration Plan.

The Company will be investing into systems and technologies, which will automate much of the daily rostering, forecasting, reporting and accounting work and functions currently undertaken at the Mayfield Childcare Centres.

Procedures and processes will be put in place to assist the Childcare Centre management and other staff of the Mayfield Childcare Centres to effectively and efficiently manage the daily operations of</td><td>Section 2</td></tr>
</table>

Question	Answer	More Detail
	the Mayfield Childcare Centres. These measures are intended to assist the Childcare Centre management and staff to maintain high quality service whilst concurrently meeting the Company's key performance indicators that in turn drive Mayfield Childcare's business.	
What is Mayfield Childcare's growth strategy?	Mayfield Childcare intends to expand its business through the implementation of its Quality Improvement Plan. The Quality Improvement Plan is a holistic concept which encompasses the Company's commercial ideas, proposals, strategies, and know-how relating to the operation of the Mayfield Childcare Centres and its business. The Quality Improvement Plan is based, among other things, on the experience of its childcare professionals. The Quality Improvement Plan targets the key areas that the Company believes are factors in an individual Childcare Centre's performance. The aim of this plan is to optimise the efficiency and quality of service of each of the Company's Childcare Centres to ultimately improve Childcare Centre occupancy and the overall profitability of that Childcare Centre, and in aggregate, of Mayfield Childcare. Mayfield Childcare will also seek to grow its business through the acquisition of additional Childcare Centres after Listing. Factors considered by the Company when determining whether a Childcare Centre is appropriate for acquisition include, but are not limited to: • site location; • occupancy; • historical performance; • profitability; • local demand for childcare services; and • competing childcare businesses within the immediate vicinity of that Childcare Centre. Future acquisitions (after Listing) will be individually evaluated and if acquired, integrated into Mayfield Childcare with the object of unlocking the synergies that arise from combining all of the Company's Childcare Centres. As part of its growth strategy, Mayfield Childcare also hopes to enter into Management Agreements with Third Party Owners. Pursuant to each Management Agreement, Mayfield Childcare will manage each Third Party Owned Childcare Centres in return for an agreed fee. Mayfield Childcare has not yet entered into any Management Agreements, but intends for this service to become part of its offering after the Company is satisfied that the integration of the Mayfield Childcare Centres has been completed. Mayfield Childcare intends this service to be part of its offering in the second half of CY2017. Mayfield Childcare also hopes to use this channel to identify Third Party Owned Childcare Centres (such as those it is contracted to manage) which are suitable for acquisition by Mayfield Childcare and meet the Company's acquisition criteria.	Section 2
Are the Mayfield Childcare Centres profitable?	The Mayfield Childcare Centres have been, in aggregate, profitable from a Childcare Centre EBIT perspective for the 12 months to 30 June 2016. Mayfield Childcare expects that each Mayfield Childcare Centre will become (or remain) individually profitable with the implementation of the Company's Quality Improvement Plan.	Section 2 and Section 7

Question	Answer	More Detail
What is the Average Weighted Occupancy rate of the Mayfield Childcare Centres?	Thirteen Mayfield Childcare Centres have (considered together and under their current management and ownership) experienced an Average Weighted Occupancy, for the 12 months ended 30 June 2016, of 79%. As at October 2016, the Average Weighted Occupancy of these 13 Mayfield Childcare Centres was 84%. Of the remaining 3 Mayfield Childcare Centres, 2 of these Mayfield Childcare Centres have changed ownership in the last 12 months and 1 changed ownership in May 2015. Accordingly, these 3 Mayfield Childcare Centres have been excluded for the purposes of calculating the Average Weighted Occupancy. Following acquisition of the Mayfield Childcare Centres and Listing, Mayfield Childcare expects the Average Weighted Occupancy rate for all Mayfield Childcare Centres to increase during CY17 to 80%, as a result of the Company's Quality Improvement Plan, which includes measures and objectives that are designed to increase the occupancy rate of the Mayfield Childcare Centres.	Section 2
How will the Mayfield Childcare Centres be acquired?	The Mayfield Childcare Centres will be acquired from the Vendors in accordance with the terms of the Acquisition Agreements. A summary of the acquisitions of the Mayfield Childcare Centres in which related parties of the Company have an interest is set out in Section 6.3(b)(iii).	Section 10.8 (a) and Section 6.3(b)(iii)

1.2 Board & Management of Mayfield Childcare

Mayfield Childcare's leadership team has extensive industry experience and a proven track record of driving operational excellence across all facets of the business as well as providing an exceptionally high quality experience for children and their families.

The Board currently comprises 3 Directors.

Topic	Name	Experience	More information
Who are the Directors of the Company?	Peter Lowe (Chairman)	Peter Lowe is an experienced director who has held Non -Executive Director roles on 15 listed and private company boards over the last 14 years. Peter has a Bachelor of Commerce and MBA from the University of Melbourne. He is a member of the Australian Institute of Directors and a fellow of CPA Australia. Peter was appointed a Director on 22 August 2016.	Section 6
	Dean Clarke (CEO)	Dean Clarke has been actively involved in the childcare industry for over 12 years. Dean is well versed in the regulatory, licensing and quality frameworks of the childcare industry and the commercial negotiations of Childcare Centre acquisition and leasing. Dean is a Certified Practising Accountant and a member of the Australian Institute of	

Question	Answer		More Detail
		Company Directors. Dean was appointed a Director on 16 March 2016.	
	Michelle Clarke (Quality Improvement Advisor)	Michelle Clarke has been intimately involved in the childcare industry for more than 11 years. Opening her first Childcare Centre in 2005, Michelle has since successfully developed, acquired, established and operated Childcare Centres in several highly competitive areas including Carrum Downs, Cranbourne, Glen Waverley, and Camberwell. Michelle was appointed a Director on 22 May 2015.	
Who are (or will be on Listing) the members of the Mayfield Childcare management team?	Dean Clarke (CEO)	See above.	Section 6
	Michelle Clarke (Quality Improvement Advisor)	See above.	
	Glenn Raines (CFO)	Glenn is a Certified Practising Accountant. Glenn's most recent role prior to joining Mayfield was as Financial Controller and Company Secretary with Rail Manufacturing CRC Ltd (**RMCRC**), funded by the Commonwealth government's Cooperative Research Centres program. He has extensive, hands-on experience in managing internal and external financial reporting, statutory compliance and internal processing and controls.	
	Sandra Fynmore (Development Centres Advisor)	Sandra has almost 20 years' experience in the childcare industry having jointly owned and operated the iconic Samantha's Childcare Centre in Glen Iris along with Childcare Centres in Camberwell, Carrum Downs, and Bentleigh. Sandra owns and operates a Childcare Centre in Diamond Creek (which will be a Mayfield Childcare Centre on Listing).	
1.3 What are the key risks to Mayfield Childcare?			
Government regulation and law changes	The Australian childcare sector is heavily regulated by the *Education and Care Services National Law Act 2010* (Vic), which has been adopted by all Australian States and Territories. Additionally, supporting regulations prescribe frameworks for the operation of Childcare Centres in each State. Consequently, changes to the wording, administration or interpretation of the relevant legislation, regulations and policy governing the childcare sector may have adverse effects on the Company's business and financial position. Changes to government regulation and law which might affect Mayfield Childcare include, but are not limited to, legislative changes		Section 3 and Section 5

Question	Answer	More Detail
	that affect operational factors such as staff ratios and employment qualification criteria, government policy or legislation that affects the demand for childcare services and changes to government funding and subsidies. Such changes could significantly affect the Forecast Financial Information that is outlined in this Prospectus.	
Government funding changes	A significant amount of Mayfield Childcare's revenue is expected to come from Commonwealth government assistance. A number of schemes, such as the Childcare Benefit (**CCB**) and the Childcare Rebate (**CCR**), have been implemented to provide assistance and accessibility for families to childcare. These schemes are subject to review and alteration at any time by the Commonwealth government. Any changes reducing the funding to Childcare Centres or to the eligibility criteria for receiving the assistance could have adverse effects on Mayfield Childcare's business and financial position.	Section 3 and Section 5
Registration, assessment and regulation risk	All Childcare Centres must be registered under the National Quality Framework for Early Childhood Education and Care (**NQF**) in order to qualify for government funding. The Australian Children's Education and Care Quality Authority (**ACECQA**) is responsible for the monitoring of this process and for conducting inspections and assessments of Childcare Centres. ACECQA undertakes inspections and assessments to ensure compliance with relevant regulations and provides a rating to individual Childcare Centres. An unsatisfactory evaluation (reflected by a poor rating) may result in the withdrawal of a Childcare Centre's registration and/or government subsidies. If this occurs in relation to Mayfield Childcare's Childcare Centres (whether owned or managed under Management Agreements), this could have an adverse effect on Mayfield Childcare's business and financial position.	Section 3 and Section 5
Business plan implementation (acquisition & integration)	Mayfield Childcare must effectively implement its business plan in order to meet and achieve its forecast projections. If the business plan is not properly implemented, there may be a deviation from the Forecast Financial Information and an adverse effect on Mayfield Childcare's business and financial position. Mayfield Childcare intends to grow primarily through the acquisition of additional Childcare Centres after the initial acquisition of the Mayfield Childcare Centres. Before any Childcare Centre is acquired, Mayfield Childcare proposes to undertake a detailed analysis to ensure the Childcare Centre is in line with the Company's objectives and selection criteria. There is no guarantee that Mayfield Childcare will be able to identify Childcare Centres to acquire or be able to agree to acceptable terms for the acquisition of such Childcare Centres. Following the acquisition of a Childcare Centre by the Company, there is a risk that the acquired Childcare Centre may be less profitable than might be expected based on the analysis that is undertaken, including as a consequence of a change in ownership. There is therefore no guarantee that acquired Childcare Centres will be or will remain profitable, increase in profitability or contribute to the Company's profit growth once acquired by Mayfield Childcare. Additionally, Mayfield Childcare will attempt to enter into Management Agreements with Third Party Owners after the Company is satisfied that the integration of the Mayfield Childcare Centres has been completed. Mayfield Childcare intends this service to be part of its offering in the second half of CY2017, but there is no guarantee that Mayfield Childcare will be able to identify,	Section 2 and Section 5

Question	Answer	More Detail
	successfully negotiate or enter into such Management Agreements.	
Competition risk	The Australian childcare industry is highly competitive. Mayfield Childcare will be competing against other long day care service providers as well as outside school hours providers. Competition between childcare service providers is generally based on the quality of the relevant Childcare Centres and the care provided, coupled with the location and cost of the service. If a Childcare Centre is established by a competitor in close proximity to a Mayfield Childcare Centre, then this may adversely affect the Company's business and financial position. Mayfield Childcare must provide a high quality service in desirable locations at an appropriate price for customers. Mayfield Childcare must also respond to the ever-changing competitive landscape. Entry by new competitors may mean increased consolidation of the sector, reducing potential acquisition targets, whilst current competitors also compete with Mayfield Childcare for acquisition targets.	Section 5
Due diligence	Prior to the Prospectus Date, Mayfield Childcare carried out pre-acquisition due diligence on each of the 16 Mayfield Childcare Centres that the Company has agreed to acquire as at the Prospectus Date. Investors should note that the Company's due diligence inquiries may not have identified all relevant risks and facts that may be material in determining whether or not a Childcare Centre is suitable for acquisition by Mayfield Childcare. Any material risk not identified in the due diligence inquiries could have an adverse effect on the Forecast Financial Information contained in this Prospectus and also on Mayfield Childcare's business and financial position. There also exists a risk that information provided to Mayfield Childcare by one or more of the Vendors may not be reliable or could not be completely verified. If such information proves to be unreliable, this could also adversely affect Mayfield Childcare's Forecast Financial Information and the Company's business and financial position.	Section 5 and Section 7
Key personnel	It will be essential for Mayfield Childcare to attract and retain qualified and experienced staff to support the operations of the Company. There is no guarantee the Company will be able to attract or retain staff the Company requires to execute its business plan. Any difficulty insofar as attracting or retaining staff could disrupt and materially affect the operations of Mayfield Childcare in the short to medium term. Such occurrences could reduce the Company's competitiveness, disrupt operations or adversely affect the Company's business and financial position.	Section 2, Section 5, Section 6 and Section 7
1.4 What are the strengths of Mayfield Childcare?		
Quality Childcare Centre portfolio	The Mayfield Childcare Centres have been selected based on a number of factors including, but not limited to, Mayfield Childcare's assessment of the various Mayfield Childcare Centres' financial performance to date, potential for profit improvement and demand for childcare services in the	Section 2

Question	Answer	More Detail
	local area. To ensure that the Mayfield Childcare Centres maintain the level of quality which Mayfield Childcare requires, the Company proposes to invest, by the end of March 2017, up to $30,000 per Mayfield Childcare Centre in improvement works. This investment is intended to ensure that the internal and external features of each Mayfield Childcare Centre are of a sufficient quality, not only for staff and parents, but most importantly for the children.	
Geographical distribution of Mayfield Childcare Centres	The majority of the Mayfield Childcare Centres are within a 160 kilometre radius from the Melbourne CBD. Further, the Mayfield Childcare Centres are concentrated into 2 to 3 distinct geographical regions, each of which will be managed by a dedicated field manager. Mayfield Childcare believes that this should provide considerable flexibility for the Company in terms of staff rostering, integration, monitoring and management, which Mayfield Childcare believes should result in cost savings and underpin the Company's ability to ensure consistent and high quality service is being delivered across the Mayfield Childcare Centres. Mayfield Childcare is located in Victoria and the Company believes that having a focussed portfolio of Mayfield Childcare Centres in a central geographic location will ensure a successful foundation for the Company.	Section 2
Management with childcare experience	The Management of Mayfield Childcare includes industry experts with a long history of acquiring, integrating and consistently improving underperforming Childcare Centres. By utilising their experience and expertise, Mayfield Childcare's management intends to apply the same know-how and expertise to the Mayfield Childcare Centres, and any other Childcare Centres which it may acquire. By utilising Mayfield Childcare's management structure, the Company hopes to offer management services to Third Party Owned Childcare Centres pursuant to Management Agreements, which is intended to provide the Company with additional income.	Section 2 and Section 6
Quality Improvement Plan	Mayfield Childcare has developed a Quality Improvement Plan, which targets key areas that the Company believes are the primary factors in an individual Mayfield Childcare Centre's performance. The Quality Improvement Plan is a holistic concept which encompasses the Company's commercial ideas, proposals, strategies, and know-how relating to the operation of the Mayfield Childcare Centres and its business. The Quality Improvement Plan is based, among other things, on the experience of its childcare professionals. The Quality Improvement Plan has been developed in line with, and as part of meeting the regulatory requirements under the NQF and establishes a comprehensive matrix of initiatives, to facilitate ongoing quality improvement initiatives, as well as the operational and behavioural requirements to drive Average Occupancy and profit improvements. The aim of the Quality Improvement Plan is to optimise the efficiency, quality of service and parental satisfaction and advocacy of each of the Mayfield Childcare Centres. One aspect of the Quality Improvement Plan is the proposed integration and refurbishment of the Mayfield Childcare Centres.	Section 2
Barriers to entry	The Australian childcare industry is, and may be subject to increasingly, arduous regulatory constraints. This creates an environment which may make it difficult for new competitors to enter the industry. As compliance requirements and quality standards increase, including in connection with the introduction of the National Quality Standard (**NQS**), the cost and time required for compliance may increase substantially over	Section 2

Question	Answer	More Detail
	time. The costs of compliance, as percentage of revenue, tend to be significantly less for medium-to-large-scale childcare operators and Mayfield Childcare intends to take advantage of what would otherwise be a barrier to entry for small and individual Childcare Centre owners.	
Appealing fundamentals	Although the Australian childcare industry has seen considerable consolidation in recent times, the industry has grown steadily in recent years, including due to population growth rate, increased workforce participation by females and substantial government assistance.	Section 3
1.5 Significant interests of key people and related party transactions		
What are the Existing Shareholders' current interests in Mayfield Childcare?		Section 6

Existing Shareholder	Registered holding	%[1]	Beneficial holding	%[1]
Riversdale Road Shareholding Company Pty Ltd as trustee for the Riversdale Road Shareholding Trust[2]	2,520,000	8.40%	2,420,000[3]	8.07%
J.T. Campbell Properties Pty Ltd[2]	1,000,000	3.33%	1,000,000	3.33%
Kewray Pty Ltd	850,000	2.83%	850,000	2.83%
D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust[3]	500,000	1.67%	600,000	1.99%
Company Lowego Pty Ltd as trustee for the Lowegistics Investment Trust	200,000	0.67%	200,000	0.67%
Glenn Raines	75,000	0.25%	75,000	0.25%
Other Existing Shareholders	860,000	2.87%	860,000	2.87%

[1] The percentages in the above table set out the interest in Shares which each Existing Shareholder's Shareholding prior to the Offer

<table>
<tr><th>Question</th><th>Answer</th><th>More Detail</th></tr>
<tr><td></td><td>represents on Completion of the Offer, assuming that the Existing Shareholders do not apply for additional Shares under the Offer.

[2]Riversdale Road Shareholding Company Pty Ltd, J.T. Campbell Properties Pty Ltd and J.T. Campbell & Co Pty Ltd (which has advised Mayfield Childcare in relation to the Offer) are associates of each other (as that term is defined in the Corporations Act).

[3]100,000 of the Shares held by Riversdale Road Shareholding Company Pty Ltd are held on trust for D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust.

(The Company expects that certain Shares will be subject to ASX imposed escrow arrangements.
Certain Existing Shareholders may be required to enter into restriction agreements with ASX in respect of their Shares, as outlined in Section 10.12).</td><td></td></tr>
<tr><td>What are the interests of the Directors and the Management?</td><td>
<table>
<tr><th>Directors and management</th><th>Number of Shares held directly or indirectly</th></tr>
<tr><td>Peter Lowe
Company Lowego Pty Ltd as trustee for the Lowegistics Investment Trust</td><td>200,000</td></tr>
<tr><td>Dean and Michelle Clarke
D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust; and/or
D & M Clarke Pty Ltd as trustee for the Clarke Family Superannuation Fund[1]</td><td>600,000[1]</td></tr>
<tr><td>Glenn Raines</td><td>75,000</td></tr>
</table>

[1] 100,000 of these Shares held by Riversdale Road Shareholding Company Pty Ltd are held on trust for D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust.

The number of Shares in the above table assumes that the relevant Directors and Management do not apply for additional Shares under the Offer. However, the Company understands that Dean and Michelle Clarke, using their entities D & M Clarke Pty Ltd as trustee for the Clarke Family Superannuation Fund and/or D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust, intend to apply for at least 250,000 Shares under the General Priority Offer. The Company's intention is to accept that Application in full. The Company further understands that D & M Clarke Pty Ltd as trustee for the Clarke Family Superannuation Fund and D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust will be associates for the purposes of the Corporations Act in respect of their relevant interests in the Shares of Mayfield Childcare.

Directors and key executives are entitled to remuneration and fees on commercial terms.</td><td>Section 6</td></tr>
</table>

Question	Answer	More Detail
What are Dean Clarke and Michelle Clarke's interest in Little Learners Camberwell (being one of the Mayfield Childcare Centres)?	D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust are selling the Mayfield Childcare Centre located in Camberwell (Little Learners Camberwell) to the Company for $5.3 million cash pursuant to an Acquisition Agreement. Dean Clarke and Michelle Clarke are Directors of Mayfield Childcare and beneficiaries of the D.W & M.R Clarke Family Trust. Accordingly, Mayfield Childcare considers this proposed acquisition to be a related party transaction. In relation to this proposed acquisition, negotiations were conducted by authorised agents and advisers of Mayfield Childcare on the instructions of the Chairman, who has no interest (other than as a Director/Chairman and Shareholder of Mayfield Childcare) in this proposed acquisition. Mayfield Childcare also received advice from certain independent advisors in relation to this proposed acquisition. The relevant advisors and their entitles are not (and were not, at the time of the provision of the relevant advice) related to Dean Clarke, Michelle Clarke or their entities. Mayfield Childcare is of the opinion that this proposed acquisition is being conducted on arms' length terms. For completeness, Little Learners Camberwell has 70 licensed places with a 100% occupancy level in October 2016, and is among the most profitable of the Mayfield Childcare Centres.	Section 6.3(b)(iii)

Question	Answer	More Detail
1.6 Key Financial Information		
Key Offer statistics		Section 7 and Section 9

Offer Price	$1.00 per Share
Total number of Shares available to investors under the Offer	24,000,000
Total proceeds under the Offer	$24,000,000
Total number of Shares on issue on Completion of the Offer	30,005,000
Market capitalisation at the Offer Price	$30,005,000
Pro Forma CY17 Forecast EBITDA	$5,568,000
Pro Forma CY17 Forecast NPAT	$3,530,000
Enterprise Value at the Offer Price	$37,180,830
Enterprise Value/Pro Forma CY17 Forecast EBITDA	6.68x
Offer Price / Pro Forma CY17 Forecast NPAT per Share	8.50x
Implied forecast dividend yield for CY17 at the Offer Price* * Based on a proposed dividend payout ratio of 65% of the Pro Forma CY17 Forecast NPAT.	7.65%

Debt Facility	Mayfield Childcare has received a binding credit approved term sheet from Westpac Banking Corporation for the following facilities: • $650,000 facility to cover rental bonds in relation to leasehold properties; • $8m facility which is being drawn down at Listing to complete Mayfield Childcare's acquisition of the Mayfield Childcare Centres; • a transactional risk facility of up to $1 million; and • $100,000 business card facility. Subject to complying with certain conditions, Mayfield Childcare expects to obtain two further facilities of up to $10m each for the purposes of making further acquisitions.	Section 2.10 and Section 10.8(c)
Consideration for the acquisition of the Mayfield Childcare Centres	Subject to adjustments under the Acquisition Agreements, the aggregate amount payable by Mayfield Childcare for the acquisition of the Mayfield Childcare Centres is $27,490,000 (subject to any additional amounts payable in relation to the earn out under the Acquisition Agreement for the Mayfield Childcare Centre located in	Section 10.8 (a)

Question	Answer	More Detail
	Diamond Creek, further details of which are set out in Section 10.8(a)).	
1.7 Offer details		
Who is the issuer of this Prospectus?	Mayfield Childcare Limited ACN 604 970 390.	Section 9.2
What is the Offer?	The Offer is an initial public offering of 24 million Shares. The Shares being offered will represent approximately 80% of the total Shares on issue following Listing. No Shares will be issued to investors unless $24 million is raised under the Offer. If the Company does not raise $24 million within 4 months after the Prospectus Date, the Offer will not proceed and all Application Monies will be refunded in full without interest. The Company will not be accepting oversubscriptions under the Offer.	Section 9.2
What is the consideration payable for the Shares	The Offer Price is $1.00 per Share. All successful Applicants under the Offer will pay the same Offer Price.	Section 9.2
What is the proposed use of proceeds received in connection with the Offer?	The Offer is expected to raise $24 million. The purpose of the Offer is to: • fund the acquisition of the Mayfield Childcare Centres by Mayfield Childcare pursuant to the Acquisition Agreements; • provide sufficient working capital to the Company; • fund capital expenditures associated with the refurbishment of Mayfield Childcare Centres (and any additional Childcare Centres acquired by Mayfield Childcare after Listing); • fund the costs associated with the Listing and the Offer; and • improve the Company's future access to capital markets.	Section 9.2
How is the Offer to be structured?	The Offer comprises: • the Broker Firm Offer, which is an invitation by the Joint Lead Managers to investors in Australia to acquire Shares under this Prospectus (**Broker Firm Offer**); • the General Priority Offer, which is an Offer open to investors in Australia nominated by the Company at its absolute discretion (**General Priority Offer**); and • the Institutional Offer, which consists of an offer to Institutional Investors in Australia (**Institutional Offer**). There is no general public offer.	Section 9.2
Will the Offer be underwritten?	No. The Offer is not underwritten.	Section 9.2
Will the Shares be listed on the ASX?	The Company will apply to the ASX, within seven days after the Prospectus Date, for admission to the Official List and quotation of the Shares on the ASX (which is expected to be under the code	Section 9.2

Question	Answer	More Detail
	MFD). Completion of the Offer is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	
How will Shares be allocated?	The allocation of Shares under the General Priority Offer will be determined by the Joint Lead Managers, in consultation with the Company and taking into consideration the guaranteed minimum allocation of $2,000 worth of Shares per nominated investor. For applications under the Broker Firm Offer, the relevant Joint Lead Manager will determine how to allocate Shares among its retail clients. The allocation of Shares under the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company.	Section 9
How do I apply for Shares under the Offer?	Applicants under the Broker Firm Offer or the General Priority Offer may apply for Shares by completing a valid Application Form included in or accompanying this Prospectus or available for download for Applicants in Australia at www.mayfieldchildcare.com.au. The Company may make available a certain percentage of the Shares offered under this Prospectus to ASX BookBuild to offer the Shares to participants in a volume bookbuild. The ASX BookBuild facility (**ASX Facility**) launched by ASX in October 2013 is an automated on-market bookbuild service introduced to provide issuers of securities with an alternative to off-market bookbuild processes used to date when conducting capital raisings. Under the ASX Facility, the bookbuild takes place within parameters set by the issuer. All eligible investors will have on-market access to participate in the bookbuild through their broker. No fees are imposed directly by ASX on investors that participate in the ASX facility but investors' brokers may charge them brokerage fees like any on-market trade. Information about the ASX Facility for investors can be found on the ASX website at http://www.asx.com.au/documents/professionals/bookbuild-investor-information-sheet.pdf. If the Company proceeds to conduct a bookbuild using the ASX Facility, it will announce this on its website at www.mayfieldchildcare.com.au when the Offer opens. The announcement will include details of the ASX ticker under which eligible investors will be able to participate in the Company's bookbuild using the ASX Facility. There is no general public offer.	Section 9
When will investors be notified about a successful Application?	Successful Applicants to the Offer are expected to receive their initial holding statements on or around 25 November 2016 (this date is subject to change without notice).	Section 9.2
Can the Offer be withdrawn?	Mayfield Childcare reserves the right to withdraw and to not proceed with the Offer at any time before the issue of Shares has been made to successful Applicants. If the Offer does not proceed, Application Monies will be fully refunded.	Section 9

<table>
<tr><th>Question</th><th>Answer</th><th>More Detail</th></tr>
<tr><td></td><td>There will be no interest paid on refunded Application Monies, including as a result of not proceeding with the Offer.</td><td></td></tr>
<tr><td>Will any Shares be subject to escrow arrangements?</td><td>The Company expects that certain Shares will be subject to ASX imposed escrow arrangements.
Certain Existing Shareholders may be required to enter into restriction agreements with ASX in respect of their Shares, as outlined in Section 10.12.</td><td>Section 10.12</td></tr>
<tr><td>When will Investors be able to sell Shares on the ASX?</td><td>Mayfield Childcare expects that trading of Shares on the ASX will commence on or around 28 November 2016 (this date is subject to change without notice).
It is the sole responsibility of each Applicant to confirm its holding in Mayfield Childcare before trading its Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</td><td>Section 9</td></tr>
<tr><td>What are the key Shareholdings at Listing?</td><td>
<table>
<tr><th>Shareholder</th><th>Shares</th><th>% of Shares</th></tr>
<tr><td>Riversdale Road Shareholding Company Pty Ltd as trustee for the Riversdale Road Shareholding Trust[1]</td><td>2,520,000</td><td>8.40%</td></tr>
<tr><td>J.T. Campbell Properties Pty Ltd[1]</td><td>1,000,000</td><td>3.33%</td></tr>
<tr><td>Kewray Pty Ltd</td><td>850,000</td><td>2.83%</td></tr>
<tr><td>D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust</td><td>500,000[2]</td><td>1.67%</td></tr>
<tr><td>Company Lowego Pty Ltd as trustee for the Lowegistics Investment Trust</td><td>200,000</td><td>0.67%</td></tr>
<tr><td>Glenn Raines</td><td>75,000</td><td>0.25%</td></tr>
<tr><td>Other Existing Shareholders</td><td>860,000</td><td>2.87%</td></tr>
<tr><td>Holders of Shares to be issued under the Offer</td><td>24,000,000</td><td>79.99%</td></tr>
<tr><td>Total Shares on Issue</td><td>31,005,000</td><td>100%</td></tr>
</table>
The percentages in the above table set out the interest in Shares which each Existing Shareholder's Shareholding prior to the Offer represents on Completion of the Offer, assuming that the Existing Shareholders do not apply for additional Shares under the Offer.
[1]Riversdale Road Shareholding Company Pty Ltd, J.T. Campbell Properties Pty Ltd and J.T. Campbell & Co Pty Ltd (which has advised Mayfield Childcare in relation to the Offer) are associates of each other (as that term is defined in the Corporations Act).
[2]100,000 of the Shares held by Riversdale Road Shareholding Company Pty Ltd are held on trust for D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust.
</td><td>Section 6</td></tr>
</table>

Question	Answer	More Detail
	The Company understands that Dean and Michelle Clarke, using their entities D & M Clarke Pty Ltd as trustee for the Clarke Family Superannuation Fund and/or D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust, intend to apply for at least 250,000 Shares under the General Priority Offer. The Company's intention is to accept that Application in full. The Company further understands that D & M Clarke Pty Ltd as trustee for the Clarke Family Superannuation Fund and D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust will be associates for the purposes of the Corporations Act in respect of their relevant interests in the Shares of Mayfield Childcare.	
Will there be tax implications for investing in the Shares?	Section 10.7 of this Prospectus contains an overview of the tax implications for investing in the Shares. The overview provided in Section 10.7 refers only to the tax implications to be incurred by Australian residents investing in the Shares.	Section 10.7
Will Applicants be subject to brokerage, stamp duty or commissions?	No stamp duty, or brokerage or commission fees are payable by Applicants on the acquisition of Shares under the Offer. The Company will pay fees and commissions to the Joint Lead Managers as outlined in Section 9.	Section 9
Where can I find more information about the Offer or Prospectus?	If you would like more information about the Offer or this Prospectus, please call the Joint Lead Managers from 8.30am to 5.00pm, Monday to Friday on the following numbers: • Ord Minnett Limited ACN 002 733 048 Tel: +61 3 9 608 4111 • Taylor Collison Limited ACN 008 172 450 Tel: +61 8 8217 3900 If you are uncertain as to any matter contained within this Prospectus or require any further information in relation to the suitability of this investment for you and your investment objectives, Mayfield Childcare strongly recommends you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser.	Section 9

Section 2 – Company Overview

Section 2 - Company Overview

2.1 Mayfield Childcare

Mayfield Childcare has been established as a vehicle to benefit from, and help drive, the consolidation of the Australian childcare industry.

Centralised ownership under Mayfield Childcare is intended to provide a means for the Company to pursue and achieve the level of quality, for children aged between the ages of six weeks and six years old, which Mayfield Childcare requires uniformly amongst the Childcare Centres which it owns.

The Australian childcare industry has continued to see increasing levels of demand for childcare services in recent years. Mayfield Childcare believes that this growth in the Australian childcare industry has been driven by a range of factors, including:

- steady population growth;
- increased workforce participation, particularly the increasing participation rates of females;
- continued recovery and growth in household incomes; and
- substantial Commonwealth government assistance.

Mayfield Childcare expects these factors and the overall trend in the Australian childcare industry to continue for the foreseeable future.

Although the industry for childcare services has seen consolidation over the last few years, Mayfield Childcare believes that the Australian childcare industry remains highly fragmented, which presents further opportunities for consolidation. Moreover, the Company believes that there is a significant opportunity in the market for a new competitor who is committed to providing high quality service. The Company believes there is a significant opportunity available to acquire and transform Childcare Centres of varying quality, by utilising experience, management, know-how and childcare expertise, into high quality, highly rated, high performance Childcare Centres.

Mayfield Childcare believes that consolidation will provide considerable flexibility for the Company in terms of staff rostering, integration, monitoring and management, which Mayfield Childcare believes will result in cost savings and underpin the Company's ability to ensure consistent and high quality service is being delivered.

Mayfield Childcare intends to improve its business through the implementation of its Quality Improvement Plan. This program targets the key areas that the Company believes are factors in an individual Childcare Centre's performance. The aim of this plan is to optimise the efficiency and quality of service of each of the Company’s Childcare Centres to ultimately improve occupancy rates and the overall profitability of that Childcare Centre, and in aggregate, of Mayfield Childcare. One aspect of the Quality Improvement Plan is the proposed integration and refurbishment of the Mayfield Childcare Centres.

Upon Listing, Mayfield Childcare will own and operate the Mayfield Childcare Centres, which are Childcare Centres throughout Victoria that are within a 160 kilometre radius of the Melbourne CBD.

Mayfield Childcare will not own the freehold land on which the Mayfield Childcare Centres operate. Instead, Mayfield Childcare will lease the land from the relevant owner(s) of the freehold title on lease terms with the weighted average term being 23 years and 9 months.

Mayfield Childcare will seek to grow its business through the acquisition of additional Childcare Centres after Listing, provided that they meet the specific criteria set down by the Company.

Factors considered by the Company when determining whether a Childcare Centre is appropriate for acquisition include, but are not limited to:

- site location;
- occupancy;
- historical performance;
- profitability;
- local demand for childcare services; and
- competing childcare businesses within the immediate vicinity of the Childcare Centre.

Future acquisitions (after Listing) will be individually evaluated and if acquired, integrated into Mayfield Childcare with the objection of unlocking the synergies that arise from combining all of the Company's Childcare Centres.

Additionally, Mayfield Childcare hopes to ultimately engage Third Party Owners, particularly those owning a single Childcare Centre, with the intention of entering into Management Agreements for an agreed fee, in accordance with which Mayfield Childcare will manage the Third Party Owner's Childcare Centre on its behalf. Mayfield has not yet entered into any Management Agreements, but intends this service to be part of its future offering, after the Company is satisfied that the integration of the Mayfield Childcare Centres has been completed. Mayfield Childcare intends this service to be part of its offering in the second half of CY2017.

As at the Prospectus Date, the Company does not have any subsidiaries. The Company has entered into all third party contracts directly and in its own capacity.

2.2 Mayfield Childcare Centres

Overview

The Mayfield Childcare Centres are established Childcare Centres that have been operational in most cases for a number of years.

Upon Listing, Mayfield Childcare will exercise its option right under the Acquisition Agreements to acquire the Mayfield Childcare Centres.

As an aggregate, the Mayfield Childcare Centres have been profitable at a Centre EBIT level for the 12 months to 30 June 2016. More specifically, 14 of the 16 Mayfield Childcare Centres were, on an individual basis, profitable during this period, and in relation to the other 2 Mayfield Childcare Centres, as at October 2016, they were operating at approximately break even levels.

Mayfield Childcare expects that each of the Mayfield Childcare Centres will become (or remain) individually profitable with the implementation of the Company's Quality Improvement Plan.

A breakdown of the Mayfield Childcare Centres by type is as follows:

Category	Number of Mayfield Childcare Centres	Aggregate number of licensed childcare places
Large Sized Mature Childcare Centre	5	556
Medium Sized Mature Childcare Centre	4	292
Small Sized Mature Childcare Centre	3	143
Trade Up Childcare Centre	1	59
Development Centres	3	310

Occupancy

In this section, the following concepts are used. The definitions of these terms, and other defined terms, are set out in the Glossary, but are extracted here for convenience:

Term	Meaning
Average Occupancy	The average number of occupied licensed childcare places in a Childcare Centre during the relevant period of time divided by the number of licensed childcare places available in those Childcare Centres during the relevant period of time, expressed as a percentage
Average Weighted Occupancy	The average total number of occupied licensed childcare places in a group of Childcare Centres during the relevant period of time, divided by the total number of licensed childcare places available in that group of Childcare Centres during the relevant period of time, weighted by the number of licensed places within each individual Childcare Centre,

	expressed as a percentage. *In other words, the weighting is determined by multiplying the number of licensed childcare places for each individual Childcare Centre by the Average Occupancy of that Childcare Centre, summing the products obtained and then dividing by the total number of licensed childcare places of the category being presented. For example, the Average Weighted Occupancy of Large Sized Mature Childcare Centres is calculated by multiplying, for each individual Childcare Centre within the Large Sized Mature Childcare Centres category, the Average Occupancy for the individual Childcare Centre by the number of licensed childcare places of the individual Childcare Centre, summing the totals obtained and then dividing by the aggregate number of licensed childcare places of the Large Sized Mature Childcare Centre (ie. 556).*
Development Centres	Mayfield Childcare Centres which have not been owned by the relevant Vendor for a full 12 month period as at the Prospectus Date
Large Sized Mature Childcare Centre	A Mayfield Childcare Centre which has a forecast CY17 revenue of more than $2 million
Medium Sized Mature Childcare Centre	A Mayfield Childcare Centre which has a forecast CY17 revenue of $2 million or less, but more than $1 million
Small Sized Mature Childcare Centre	A Mayfield Childcare Centre which has a forecast CY17 revenue of $1 million or less
Trade Up Childcare Centre	A Mayfield Childcare Centre whose Average Occupancy in FY16 was less than 60%

13 of the Mayfield Childcare Centres had an Average Weighted Occupancy of 79% for the 12 months ended 30 June 2016. Of the remaining 3 Mayfield Childcare Centres:

- 2 of these Mayfield Childcare Centres have changed ownership in the last 12 months; and
- 1 changed ownership in May 2015,

accordingly, these 3 Mayfield Childcare Centres have been excluded for the purposes of calculating the Average Weighted Occupancy.

Following acquisition of the Mayfield Childcare Centres and Listing, Mayfield Childcare expects the Average Weighted Occupancy rate of all of the Mayfield Childcare Centres to increase during CY17 to 80%, as a result of the Company's Quality Improvement Plan, which includes measures and objectives that are designed to increase the occupancy rate of the Mayfield Childcare Centres.

More specifically:

- For Large Sized Mature Childcare Centres, Average Weighted Occupancy is forecast to increase from 85% in FY16 to 89% in CY17. Average Weighted Occupancy at the Large Sized Mature Childcare Centres was 92% in October 2016.
- For Medium Sized Mature Childcare Centres, Average Weighted Occupancy is forecast to increase from 73% in FY16 to 83% in CY17. Average Weighted Occupancy at the Medium Sized Mature Childcare Centres was 86% in October 2016.
- For Small Sized Mature Childcare Centres, Average Weighted Occupancy is forecast to remain at 72% in CY17, the same rate as for FY16. Average Weighted Occupancy at the Sized Mature Childcare Centres was 67% in October 2016.
- For the Large Sized Mature Childcare Centres, Medium Sized Mature Childcare Centres and Small Sized Mature Childcare Centres, the FY16 Average Weighted Occupancy totalled 80% and is forecast to be 84% in CY17. The Average Weighted Occupancy for those Mayfield Childcare Centres was 87% in October 2016.
- For the 1 Trade Up Childcare Centre, Average Occupancy is forecast to remain at 60% in CY17, no change on FY16. The occupancy at this Trade Up Childcare Centre was 46% in October 2016.
- For the Large Sized Mature Childcare Centres, Medium Sized Mature Childcare Centres, Small Sized Mature Childcare Centres and 1 Trade Up Childcare Centre (being 13 of the 16 Mayfield Childcare

Centres) the FY16 Average Weighted Occupancy was 79% and is forecast to be 83% in CY17. The Average Weighted Occupancy for those Mayfield Childcare Centres was 84% in October 2016.

- For the Development Centres under new ownership as elsewhere described (being the remaining 3 of the 16 Mayfield Childcare Centres), the Average Weighted Occupancy was 64% in October 2016 and is forecast to be 70% in CY17.

As at October 2016, which the Directors believe to be, generally speaking, a relatively high month in terms of Average Weighted Occupancy, the Average Weighted Occupancy for all 16 Mayfield Childcare Centres was 80%. For the purpose of the Forecast Financial Information for CY17, the Average Weighted Occupancy for all 16 Mayfield Childcare Centres remains at 80%.

In addition, in relation to the 3 Mayfield Childcare Centres under new management which have been excluded from the calculations above where reference is made to 13 of Mayfield Childcare's 16 Mayfield Childcare Centres:

- in respect of one Mayfield Childcare Centre, which only reopened in May 2015, occupancy has increased from 14% at the time of reopening, to 82% as at October 2016 and is forecast to have an Average Occupancy of 75% in CY17;
- in the case of another Mayfield Childcare Centre, which only opened in February 2016, occupancy has increased from 10% at opening, to 38% as at August 2016 and is forecast to have an Average Occupancy of 60% in CY17; and
- in the case of a third Mayfield Childcare Centre, currently part owned by Sandra Fynmore, occupancy has increased from 58% in January 2016 (when Sandra became a part owner and manager of the Mayfield Childcare Centre) to an occupancy of 69% in October 2016. It is forecast to have an Average Occupancy of 73% in CY17.

Fees

In the experience of the Directors, most Childcare Centres increase fees in July each year. Some Childcare Centres increase fees at the beginning of each year and others, although less common, increase fees twice a year.

Mayfield Childcare intends to standardise its fee increases to be annual increases taking effect in July each year. Fees are forecast to rise on average 7.5% over the 18 month period from FY16 to 31 December 2017 – ie. 5.0% annually.

Revenue

Mayfield Childcare's revenue for CY17 is forecast to be $28.962m.

Rent

Mayfield Childcare's rental costs across all Mayfield Childcare Centres is forecast to be $2.585m in CY17 or approximately $1,901 per licensed place per annum.

Mayfield Childcare Centre wages and other Mayfield Childcare Centre costs

Mayfield Childcare Centre wages and other Mayfield Childcare Centre costs are forecast to be $18.998m in CY17.

EBIT

Mayfield Childcare's forecast EBIT for CY17 is $5.366m.

NPAT

Mayfield Childcare's forecast NPAT for CY17 is $3.530m.

2.3 Mayfield Childcare Centre acquisitions

In accordance with the terms of the Acquisition Agreements, Mayfield Childcare will be acquiring the Mayfield Childcare Centres at a weighted Childcare Centre CY17 forecast multiple of 4.32x, including cash consideration and Share-based consideration payable to Vendors and advisers.

The Vendors are small business owners or individuals. Each Vendor may be selling more than one Mayfield Childcare Centre to Mayfield Childcare. The Vendors have entered into the Acquisition Agreements on an exclusive basis with Mayfield Childcare.

Further information regarding the Acquisition Agreements are set out in Section 10.8(a).

2.4 Management systems

The management team of Mayfield Childcare includes industry participants with a history of acquiring, integrating and improving Childcare Centres.

The following table summarises the Company's management team and the intended spread of responsibility.

Team	Responsibility
Chief Executive Officer	• Overall executive responsibility for Mayfield Childcare subject to the direction of the Board • Development and implementation of Mayfield Childcare's strategic business plan to drive improvement and growth • Engagement and communication with government, industry and investor groups • Develop and align business culture, objectives and employees to achieve strong customer outcomes • Monitor Mayfield Childcare Centre financial and operational performance, compliance and marketing
Chief Financial Officer	• Management and reporting of the financial and quality performance of all Mayfield Childcare Centres • Management of Mayfield Childcare's Integration Plan • Ensuring Mayfield Childcare Centre expenses are in line with budgeted figures based upon respective Mayfield Childcare Centre Average Occupancy numbers • Develop and implement process improvement initiatives to drive cost efficiencies across the Mayfield Childcare Centres
Field Officers	• Monitoring Mayfield Childcare Centre Average Occupancy numbers • Analysing, creating and implementing strategies designed to maximise wage efficiency and staffing allocations • Training and support of and for administrative personnel • Monitoring of compliance with NQF • Develop local marketing programs • Assist at Mayfield Childcare Centre level with the implementation of the Integration Plan
Quality Improvement Advisor	• Implementation of Quality Improvement Plan and the development of innovative initiatives to drive occupancy and parent advocacy in line with NQF • Monitoring compliance with the NQS • Monitoring educational programs • Monitoring physical quality of Centres and recommending upgrades when necessary • Responsible for ongoing staff training and staff management

Team	Responsibility
Development Centres Advisor	• Develop strategies to address underperforming Mayfield Childcare Centres • Develop strategies to drive Average Occupancy improvements • Mentoring staff at development Mayfield Childcare Centres • Receiving parent feedback at a Mayfield Childcare Centre level on Mayfield Childcare Centre improvements • Implementing Mayfield Childcare's Quality Improvement Plan

Mayfield Childcare's other key personnel include its 'Centre Directors' based at individual Childcare Centres and the 'Area Managers'.

Each Area Manager is responsible for a number of Childcare Centres within a specified geographic area and supports his or her respective Centre Director to achieve the objectives of Mayfield Childcare. These objectives accord with a philosophy that focuses on the quality of service provided to, and education of, the children at the Mayfield Childcare Centre.

At an operational level, the Area Manager is also responsible for:

- **administration** – ensuring his or her respective Childcare Centres are operating efficiently and effectively;
- **children** – ensuring that the best interests of the children at the relevant Childcare Centre are taken into account;
- **communication** – creating and implementing effective communication systems with staff, local council, government departments, senior management, stakeholders and the relevant Centre Directors;
- **compliance** – ensuring that the Childcare Centres under his or her control satisfy all regulatory requirements, with any breaches of licensing, occupational health and safety (**OH&S**) or other concerns being reported to the relevant authorities promptly in the event a breach arises;
- **Educators** – assisting Educators in creating an environment that fosters relationships between children, Educators and parents conducive to the Educator's objectives. Further, to assess and implement the Centre Director and Educator staff training and to assess and manage the performance and grievances of Educators;
- **expenses** – assisting in the management of Childcare Centre expenses to ensure expenses, the most important of which are the wages, are in line with Company policy and budgetary expectations;
- **financial performance** – ensuring that each Childcare Centre under his or her control operates within the relevant budgetary restraints and namely, that expenses, such as wage expenditure, are in line with expected or acceptable boundaries as determined by the occupancy rate of the relevant Childcare Centres;
- **general** – operating consistently with Company policies and implementing changes required;
- **licensing** – ensuring rules and regulations are consistently met and upheld;
- **NQF** – ensuring that the Quality Improvement Plans are reviewed and supported to ensure that each Childcare Centre under his or her management is working to exceed the national average and to achieve the quality standards which Mayfield Childcare prides itself upon and strives to achieve;
- **occupancy** – ensuring that each Childcare Centre is striving to maximise its occupancy rate in cooperation with the Centre Director;
- **OH&S** – implementing and reviewing OH&S procedures to ensure safety standards are in line with government and local department standards;
- **parents** – assisting Centre Directors in communicating effectively with family members and dealing with any grievances that arise; and
- **programs** – ensuring Childcare Centres under his or her control are utilising programs of the standard required by Mayfield Childcare to ensure children are educated, stimulated and properly supported. Further, the Area Manager must ensure that there are working feedback channels to enable Educators to learn and develop in the workplace.

2.5 Implementation of the Integration Plan

Mayfield Childcare has brought together a management team of experienced industry participants.

Mayfield Childcare and its management team have developed an integration plan (**Integration Plan**) that it believes will significantly reduce the integration risks which applies to the Mayfield Childcare Centre. This Integration Plan will come into effect and be implemented from the day the Mayfield Childcare

Centres are acquired by the Company. The Integration Plan reflects the plans and intentions of the Company in relation to the integration of the various Mayfield Childcare Centres into a single business to be operated by Mayfield Childcare. There is no single or formal document which contains the Integration Plan.

Mayfield Childcare believes that its Integration Plan will assist in bringing together the Mayfield Childcare Centres under the Company's ownership with minimal disruption to, and impact on, the Mayfield Childcare Centres' staff, children and operations.

Where the Company believes a Mayfield Childcare Centre can trade-off existing brand loyalty and goodwill within the community, then the relevant Mayfield Childcare Centre will continue to operate under the same trading name under which it operated prior to Mayfield Childcare's acquisition. Mayfield Childcare believes this is in the best interests of Shareholders as new branding and personnel changes could negatively impact upon a Mayfield Childcare Centre's performance and enables Mayfield Childcare to capitalise on goodwill generated by prior practice and localised marketing campaigns.

Integral to Mayfield Childcare's pursuit of a high quality and standard of care, the same policies, procedures and expectations of care will be implemented in all of the Mayfield Childcare Centres to ensure they are all running with consistent standards of quality and care. Additionally, education programs will be reviewed and modified where needed to ensure children receive the desired development outcomes.

Upon acquisition of the Mayfield Childcare Centres, the Company will tailor key performance indicators to each Mayfield Childcare Centre and ensure any additional management, administration and marketing resources are provided where applicable.

Further, the Company proposes to make an investment into systems and technologies, with the objective of automating much of the daily accounting and monitor wages, financial performance, occupancy, costs and daily attendances. These systems and technologies are intended to be integrated uniformly amongst the Mayfield Childcare Centres to ensure that management is provided with up-to-date and reliable information on the performance of the individual Mayfield Childcare Centre and the Company's portfolio of Childcare Centres as a whole going forward.

Where appropriate, existing Mayfield Childcare Centre employees will be retained and re-employed.

2.6 Fundamentals to success

The financial performance of childcare businesses in the Australian childcare industry is influenced by a number of key economic and operational factors.

The following table sets out what the Directors believe are the key economic and operational factors.

Fundamental factors	Explanation
Licensed places	The legal number of children a Childcare Centre can care for at any one time is dictated by the Licence issued to that Childcare Centre by the relevant government. Upon Listing, Mayfield Childcare expects that the Mayfield Childcare Centres will, in aggregate, represent an approximate total of 1,360 licensed places.
Occupancy	Occupancy relates to the number of children enrolled and paying, as a percentage of the number of licensed places at a Childcare Centre. For example, a Childcare Centre with 100 licensed places and 75 children enrolled and paying will have an occupancy of 75%. Occupancy is one of the key factors in a Childcare Centre's performance and ultimately profitability.

Fundamental factors	Explanation
Daily fees	Childcare fees are charged on a daily basis per child. The daily fee generally includes the cost of meals, nappies, wipes and other consumables. Daily fees are paid by families and subsidised by the government through the CCR and CCB. Daily fees are usually increased on an annual basis. Whether fees can be increased, and by how much, is determined by reference to waiting lists, reputation in the local community and the quality of a Childcare Centre's facilities, services and programs. These factors ultimately impact whether a fee change will adversely affect a Childcare Centre's financial performance and will guide Mayfield Childcare's decision on whether to increase the relevant fees.
Wages	Staff wages typically comprise 50-60**%** of a Childcare Centre's revenue (by value). Effectively managing staffing rosters, allocations and ratios is important to maximising a Childcare Centre's profitability.
Rent	The rate at which rent is paid generally (but not always) correlates with a Childcare Centre's number of licensed places. Mayfield Childcare will not own the freehold land upon which the Mayfield Childcare Centres operate. Rather, upon Listing, Mayfield Childcare will take an assignment of the existing lease, and/or enter into a new lease, for each Mayfield Childcare Centre. The weighted average lease term across all Mayfield Childcare Centres is 23 years and 9 months.
Other expenses	Other expenses include, but are not limited to: • insurance; • marketing and advertising; • cleaning; • gardening; • food/consumables; • travel expenses; and • vehicle maintenance (where applicable). By consolidating the Mayfield Childcare Centres, Mayfield Childcare benefits from the ability to negotiate with suppliers to bulk-buy. The Company may be able to obtain certain goods or services at discounted rates, which will assist in reducing costs and maximising profitability Company wide.

2.7 Future Growth of Mayfield

(a) Organic

Mayfield Childcare intends to organically improve performance by adopting and implementing its Quality Improvement Plan at each of the Mayfield Childcare Centres.

In accordance with its Quality Improvement Plan, Mayfield Childcare proposes to invest, by the end of March 2017, up to $30,000 per Mayfield Childcare Centre to ensure that the internal and external features of each Mayfield Childcare Centre are of a sufficient quality, not only for staff and parents, but most importantly the children.

Mayfield Childcare will also review and implement changes to procedures and policies to assist its Childcare Centres that do not currently meet the national standards to improve their rating. Moreover, the Company will assess, evaluate and modify staffing ratios to efficiently allocate staff throughout the Company's Childcare Centres in accordance with the NQF staff ratio requirements.

Mayfield Childcare will also look to evaluate and possibly increase fees, if permissible, with respect to each of the Company's Childcare Centres, to reflect any improved quality of service and care and to ensure fees are in line with competition in the area.

The Company will target key areas that its management believe are key factors in, or are undermining the success of, the performance of the Childcare Centres in its portfolio.

The aim of the Quality Improvement Plan is to optimise the efficiency and quality of service of each of the Company's Childcare Centres. By doing so, the Company ultimately aims to improve Childcare Centre occupancies at fees that reflect the quality of service and care that those Childcare Centres provide, thereby improving the overall organic growth of Mayfield Childcare's profitability. One example of the Quality Improvement Plan is the proposed integration and refurbishment of the Mayfield Childcare Centres.

(b) Existing Childcare Centre extensions

Where possible, Mayfield Childcare intends to extend and expand the Childcare Centres in its portfolio (subject to landlord and council approval) to increase the number of licensed places of those Childcare Centres.

Expansion will allow Mayfield Childcare's Childcare Centres to expand operations whilst maintaining adequate staffing ratios under the applicable rules and regulations.

(c) Acquisitions and management of Third Party Owned Childcare Centres

Mayfield Childcare will also seek to grow its operations by acquiring additional existing Childcare Centres after Listing. This will be undertaken in conjunction with the Company's Broker network.

Childcare Centres shortlisted as possible acquisition targets will need to meet specific criteria determined by Mayfield Childcare. Factors that affect whether a Childcare Centre is appropriate for acquisition by Mayfield Childcare include, but are not limited to:

- occupancy;
- historical performance;
- profitability;
- number of licensed places;
- local demand for childcare services;
- competing childcare businesses within the immediate vicinity of the Childcare Centre; and
- site location.

New acquisitions (if any) will be individually evaluated and specially integrated into Mayfield Childcare, with the objective of unlocking and benefiting from the synergies that arise from combining all of the Company's Childcare Centres.

Additionally, Mayfield Childcare hopes to ultimately engage Third Party Owners, particularly those owning a single Childcare Centre, with the intention of entering into Management Agreements for an agreed fee, in accordance with which Mayfield Childcare will manage the Third Party Owner's Childcare Centre on its behalf. Mayfield has not yet entered into any Management Agreements, but intends this service to be part of its future offering, after the Company is satisfied that the integration of the Mayfield Childcare Centres has been completed. Mayfield Childcare intends this service to be part of its offering in the second half of CY2017.

2.8 Financial Information summary

As part of its pre-acquisition due diligence, Mayfield Childcare considered the historical data received from the Vendors, and their treatment in each Vendor's records and accounts, to be varied and inconsistent. For example, some of the accounts had not been audited or subject to review and accordingly did not comply with the Australian Accounting Standards. The Directors believe that effective disclosure of the Company's financial position is provided by the aggregation of the historical income statements for the Mayfield Childcare Centres, normalised to adjust for any non-arm's length transactions identified, for the full years ended 30 June 2015 and 30 June 2016.

Accordingly, the Directors do not consider it appropriate to include audited financial information for at least the 3 (or 2 and a half) most recent financial years of the Company and instead has included in this Prospectus the Financial Information at Section 7, together with the Investigating Accountant's Report at Section 8.

Further information outlining the risks involved with the collation and preparation of this information is outlined in Section 5.

Based on the historical data available to Mayfield Childcare and in conjunction with the assumptions of Directors and management, the Company has prepared the Forecast Financial Information. The

following table contains the Directors' pro forma forecast for the 12 month period ending 31 December 2017.

Pro forma forecast income statement	
Year ending 31 December 2017	**$A ('000)**
Revenue	$28,962
Mayfield Childcare Centre employee expenses	($15,479)
Rent	($2,585)
Other expenses	($5,330)
Total expenses	**($23,394)**
EBITDA	**$5,568**
Depreciation	($202)
EBIT	**$5,366**
Interest	($324)
Profit before tax	**$5,042**
Tax	($1,512)
NPAT	**$3,530**

The Directors recommend that investors consider the risks involved in the business operations of Mayfield Childcare and the Australian childcare industry generally.

Investors should read this Prospectus in full and consider the Forecast Financial Information with reference to the risk factors outlined in Section 5.

2.9 Use of Offer proceeds

Under this Prospectus, a total of 24,000,000 Shares are being offered to investors at $1.00 per Share. The Company expects to raise $24,000,000 from the Offer.

In conjunction with Mayfield Childcare's Debt Facility ($8,000,000), the Company intends to use the Offer proceeds as outlined below:

Use of the proceeds from the Offer and debt from the Debt Facility	$ Amount ('000)	%^
Acquisition of Mayfield Childcare Centres	$27,490	85.91%
Costs associated with the acquisitions of the Mayfield Childcare Centres and debt funding (ie. excluding the purchase price)	$1,264	3.95%
Integration and Mayfield Childcare Centre refurbishment costs	$460	1.44%
Offer costs, which are made up of the following estimates: ▪ *$746,490 – accounting, legal, banking, corporate and professional advising fees;* ▪ *$110,000 – Listing fee;* ▪ *$123,000 – advertising the Offer, printing the Prospectus and other*	$2,419	7.56%

Use of the proceeds from the Offer and debt from the Debt Facility	$ Amount ('000)	%^
share issue costs; and ▪ *$1,440,000 – costs relating to agreements with the Joint Lead Managers and agents.*		
Working capital for the Company	$366	1.14%
Total	**$32,000**	**100%**

^ Rounded to the nearest hundredth of a percent.

The Directors believe that on Completion of the Offer, the Company's cash reserves, Debt Facility and the cash proceeds of the Offer will be sufficient to fund the Company's stated business objectives.

As part of the Company's growth strategy and expansion plans, Mayfield Childcare intends to acquire additional Childcare Centres post-Listing. In pursuit of the Company's growth plans, Mayfield Childcare may need to increase its Debt Facility (subject to approval) or raise additional capital by issuing new Shares.

2.10 Bank debt

Mayfield Childcare has obtained a binding credit approved term sheet from Westpac Banking Corporation (**Westpac**) for:

- a $650,000 facility to cover rental bonds in relation to leasehold properties;
- a $8 million facility which is being drawn down at Listing to complete Mayfield Childcare's acquisition of the Mayfield Childcare Centres;
- a transactional risk facility of up to $1 million; and
- a $100,000 business card facility,

and, subject to complying with certain conditions, Mayfield Childcare expects to obtain two further facilities of up to $10 million each for the purposes of making further acquisitions,

(together the **Debt Facility**).

Mayfield Childcare believes that the Debt Facility will help the Company:

- to fund its acquisitions;
- access sufficient working capital; and
- to effectively deal with any unforeseen or other expenses.

The Directors believe that the proposed terms and conditions of the Debt Facility are in line with the prevailing market conditions for a company of the size, and nature, of Mayfield Childcare. Access to the Debt Facility is conditional upon the successful Listing of Mayfield Childcare and the provision of requisite documentation to Westpac.

Further details regarding the credit approved term sheet from Westpac are set out in Section 10.8(c).

2.11 Engagement Letter with Joint Lead Managers

Pursuant to an Engagement Letter, Mayfield Childcare and the Joint Lead Managers have agreed that the Joint Lead Managers will manage the Offer on the terms and conditions summarised in Section 10.

Under the Engagement Letter, either the Joint Lead Managers or Mayfield Childcare may terminate the engagement and the Engagement Letter without cause by giving seven days written notice to the other parties provided that Mayfield Childcare can only terminate the engagement and the Engagement Letter without cause if the Joint Lead Managers have not yet offered a firm allocation of Shares to any investor under the Offer (irrespective of whether that investor accepts the firm allocation offer). Further information that relates to the Engagement Letter can also be found in Section 10.

Investors should note that Mayfield Childcare and the Joint Lead Managers reserve the right to withdraw the Offer at any time prior to Shares being issued under the Offer and for any reason they deem is

appropriate.

If Mayfield Childcare or the Joint Lead Managers withdraw the Offer, Applicants will have their full Application Monies returned without interest.

2.12 Risk factors

It is essential that investors read this Prospectus carefully and in its entirety and with reference to the risk factors that can affect the performance of Mayfield Childcare as outlined in Section 5.

Any investment in Shares contains risks, and accordingly, investors should ensure they read and understand this Prospectus before making their decision. If you are uncertain as to any matter contained within this Prospectus or require any further information pertaining to the suitability of this investment for you and your investment objectives, Mayfield Childcare strongly recommends you seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser.

2.13 Application for Shares

For information regarding how to apply for Shares under the Offer, please refer to Section 9.2 of this Prospectus.

Section 3 – Industry Overview

Section 3 – Industry Overview

3.1 Introduction

In Australia, the childcare industry provides a combination of care and education services to children aged up to 12 years. The childcare industry captures formal childcare services that are provided outside of the child's home.

The childcare industry is heavily regulated, and was the subject of a Productivity Commission Inquiry in 2014.[1] The childcare industry benefits from a high level of government funding, with Commonwealth government funding currently accounting for approximately $8.5 billion per year across the industry.[2]

Further detail regarding the childcare regulatory framework is contained in Section 4.

3.2 Industry conditions

Between 2016-2017, there will be an estimated 813,000 Australian families accessing Commonwealth approved childcare places,[3] for a projected 1.67 million Australian children,[4] in 15,417 care and education centres across the country (including family day care).[5]

The size of the industry has grown by 11.7 % annually over the last five years, with total industry revenue for 2015-2016 estimated at $10.6 billion – up 12.2 % on the previous year.[6]

It is expected that future demand for childcare in Australia will be driven by increases in:

- female workforce participation rates;
- population – with a projected growth in the number of children;
- household disposable income;
- hourly fees; and
- government assistance.

3.3 Female workforce participation

The number of women participating in the workforce with dependent children is expected to affect the demand for childcare services.

Female workforce participation rates for those within the traditional working-age population have increased substantially over the last 20 years, a trend that is expected to continue as government and society remains focused on gender diversification and equality.[7] This is illustrated in Figure 1.

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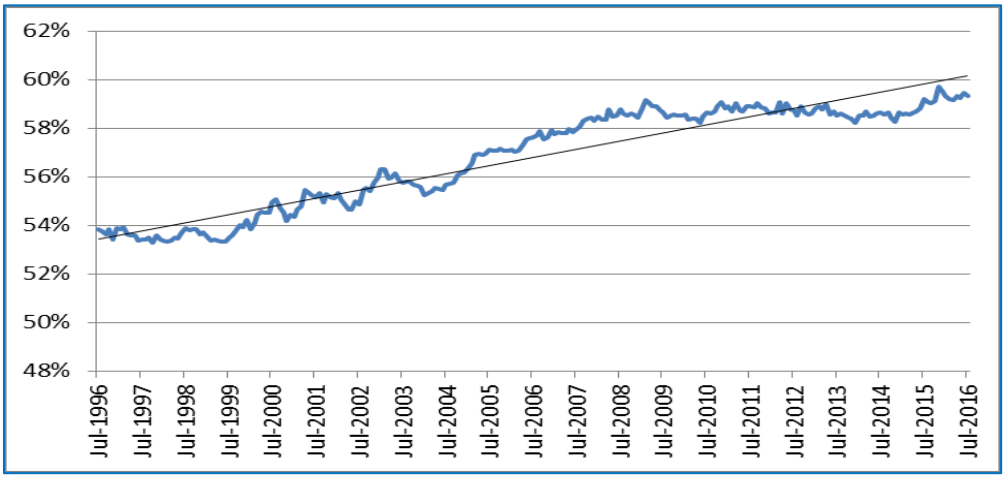
[1] Productivity Commission, Inquiry Report into Childcare and Early Childhood Learning, No. 73, 31 October 2014.
[2] Commonwealth government, Portfolio Budget Statements 2016-17, Budget Related Paper 1.5: Education and Training Portfolio, 2016, p. 25.
[3] Commonwealth government, Portfolio Budget Statements 2016-17, Budget Related Paper 1.5: Education and Training Portfolio, 2016, p. 40.
[4] Commonwealth government, Portfolio Budget Statements 2014-15, Budget Related Paper 1.5: Education Portfolio, 2015, p. 37.
[5] Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016.
[6] IBISWorld, Child Care Services Market Research Report, ANZSIC Q8710, Mar 2016.
[7] Australian Bureau of Statistics, 6202.0 - Labour Force, Australia, Apr 2015.

Figure 1 - Female Workforce Participation Rate, seasonally adjusted trend 1996-2016



Source: Australian Bureau of Statistics, 6202.0 - Labour Force, Australia, August 2016.

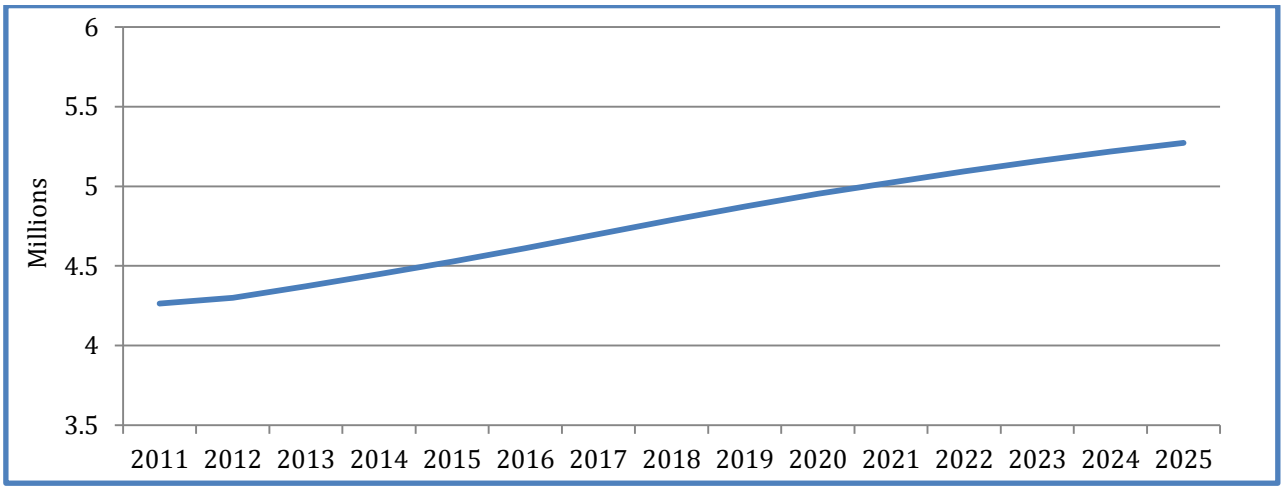
Population of children

The number of children in Australia has been growing over the last decade, which in turn has increased the demand for childcare services.

At the 2011 Census, there were over 1.4 million children aged up to four years – an increase of 12.7% since 2006.[8] In 2011, there were over 4.1 million children aged between birth and 14 years – an increase of 5.25% since 2006.[9]

Figure 2 shows that the projected population of children aged under 14 years in Australia is projected to continue to rise over the next decade.

Figure 2 - Projected population of children in Australia, aged under 14 years[10]



Source: Australian Bureau of Statistics, 3222.0 – Population Projections, Australia, 2012 to 2101, November 2013.

Household disposable income

Childcare services are partially privately funded. Accordingly, household disposable income is expected to have some impact on the level of demand for childcare services.

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[8] Australian Bureau of Statistics, 2011 Census Data, accessed online: <http://www.abs.gov.au> at 4 June 2015.
[9] Australian Bureau of Statistics, 2011 Census Data, accessed online: <http://www.abs.gov.au> at 4 June 2015.
[10] Projections based on mid-range assumptions.

The latest available data shows that average weekly disposable income increased for low-income and middle-income households by approximately 3% and 1.3%, respectively, between 2011-2012 and 2013-2014.[11] Meanwhile, average weekly household income for high-income households increased by 7% over the same period.[12]

Hourly fees

Hourly fees are set by Childcare Centres, taking into account a range of commercial factors including demographic of the location where that Childcare Centre is based, services offered, the quality of the Childcare Centre, staff-to-child ratios and wage costs.

The average hourly fee for long day care increased by 5.6% to $8.50 from the September quarter 2014 to the September quarter 2015. This compares with an average annual percentage increase of 6.8% over the last decade.[13]

Average hourly fees and growth rates are shown in Table 1 and Figure 3.

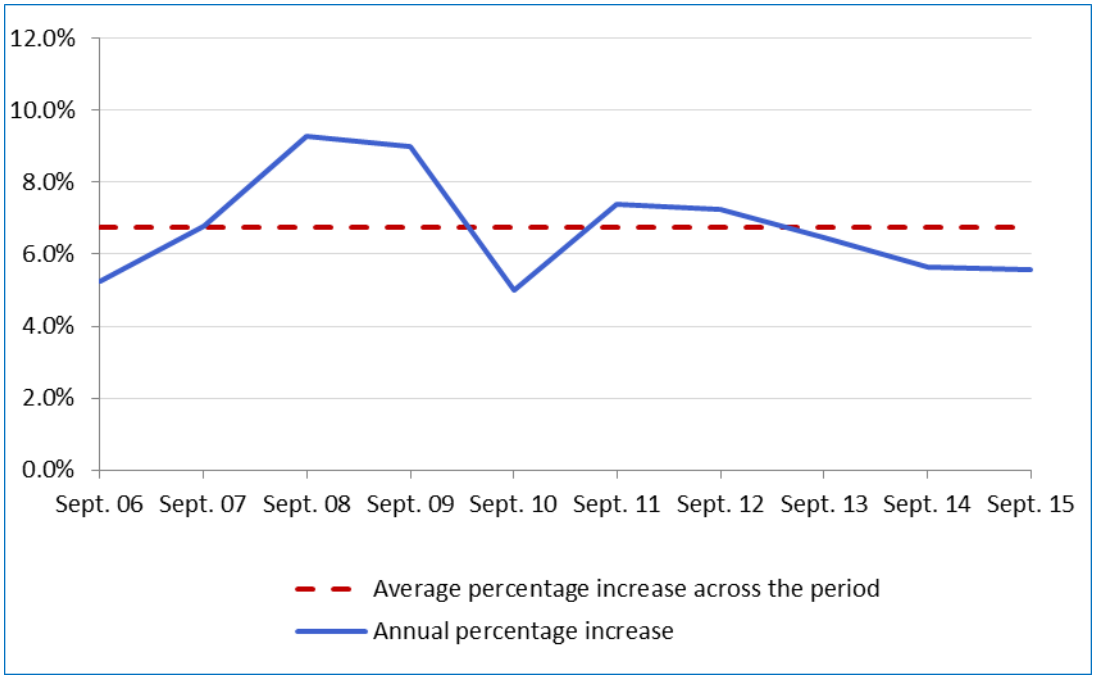
Table 1: Average hourly fee by service type, September quarter 2014 to September quarter 2015

Service type	Sep. 14	Dec. 14	Mar. 15	Jun. 15	Sep. 15
Long Day Care	$8.05	$8.05	$8.30	$8.35	$8.50
Family Day Care and In-Home Care	$7.90	$7.90	$7.85	$7.85	$8.25
Occasional Care	$9.35	$9.40	$9.50	$9.50	$9.70
Outside School Hours Care	$6.30	$6.55	$6.45	$6.60	$6.60
Total[14]	**$7.85**	**$7.85**	**$8.00**	**$8.05**	**$8.25**

Source: Commonwealth Department of Education and Training, Early Childhood and Child Care in Summary, September Quarter 2015.

[11] Australian Bureau of Statistics, 6523.0 – Household Income and Income Distribution, September 2015.
[12] Australian Bureau of Statistics, 6523.0 – Household Income and Income Distribution, September 2015.
[13] Department of Education and Training, Early Childhood and Child Care in Summary, September Quarter 2015, August 2016.
[14] Hourly fee for each service type is calculated by dividing the sum of all fee amounts by the sum of all hours for each service type.

Figure 3: Average and annual growth of long day care hourly fees



Source: Commonwealth Department of Education and Training, Early Childhood and Child Care in Summary, September Quarter 2015.

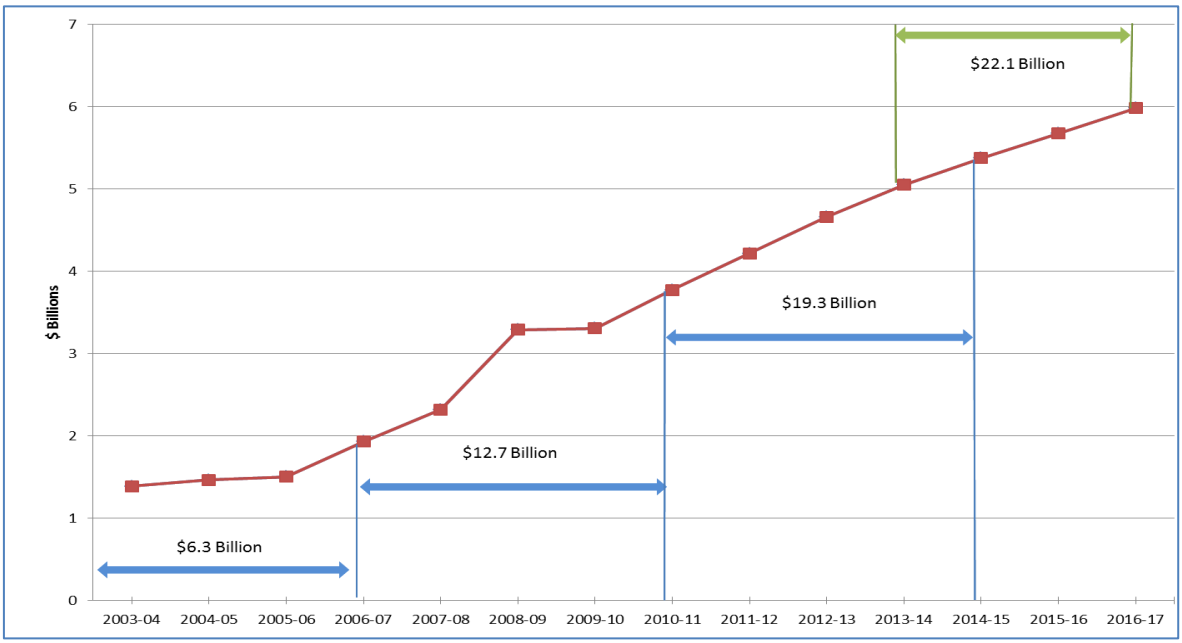
Government assistance

Commonwealth government assistance in the form of childcare fee subsidies is one of the fastest growing major government outlays, and is forecasted to increase.[15]

The Productivity Commission estimated that in the 2012-2013 period, total Commonwealth government expenditure on early childhood education and care was $5.8 billion.[16] In 2017-2018, total government expenditure is expected to surpass $8.5 billion, a forecasted increase of approximately 47% on the 2012-2013 expenditure levels.[17] Figure 4 illustrates historical Commonwealth government funding since 2003-2004 through the CCB and CCR.

[15] Productivity Commission, Inquiry Report into Childcare and Early Childhood Learning, No. 73, 31 October 2014, p. 116.
[16] Productivity Commission, Inquiry Report into Childcare and Early Childhood Learning, No. 73, 31 October 2014, p. 116.
[17] Productivity Commission, Inquiry Report into Childcare and Early Childhood Learning, No. 73, 31 October 2014, p. 116.

Figure 4 - Actual and estimated Childcare Benefit and Childcare Rebate funding, 2003-04 to 2016-17



Source: Commonwealth Department of Education, Employment and Workplace Relations, Child Care in Australia, August 2013.

See Section 4 for further information on certain announced changes to current funding arrangements.

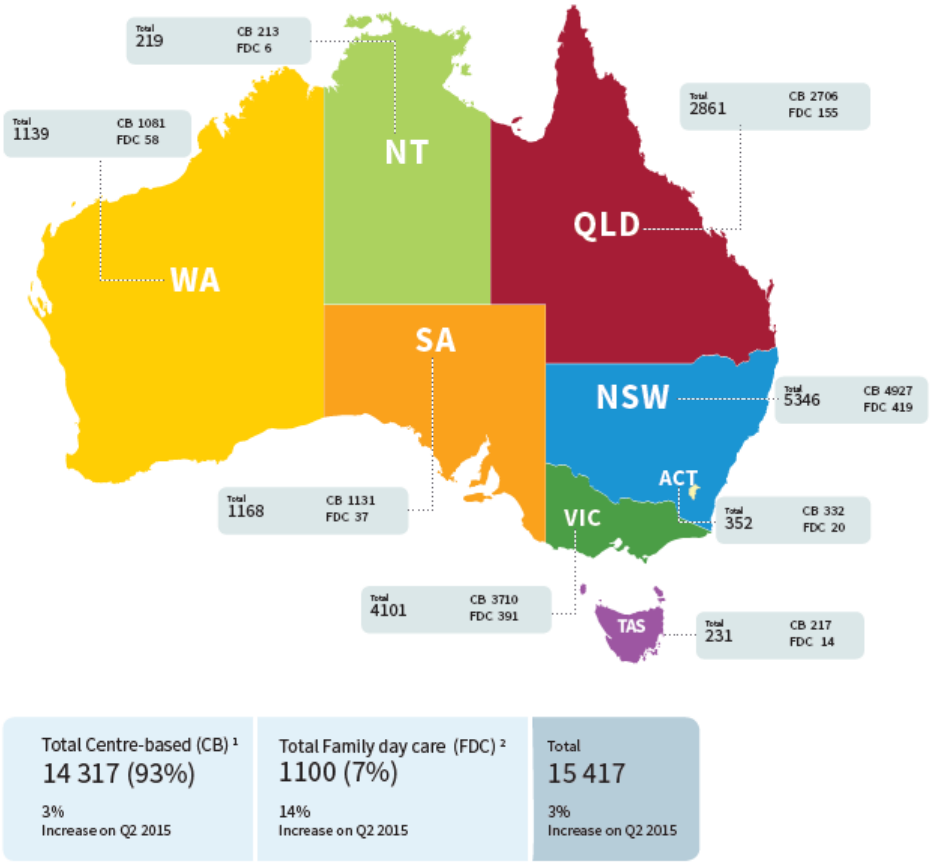
3.4 Industry geographic distribution

Generally, the geographic distribution of Australian childcare centres is aligned to the population distribution throughout Australia – with approximately 80% of centres located in Queensland, New South Wales and Victoria, compared with approximately 77% of the Australian population residing in these states.[18]

Figure 5 and Table 2 show the distribution of childcare service types throughout Australia, by number and proportion, respectively.

[18] Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016; Australian Bureau of Statistics, Australian Demographic Statistics: Sep 2015, 3101.0, 24 March 2016.

Figure 5 – Number of approved services, by jurisdiction and service type, 30 June 2016



Source: Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016.

Table 2 – Proportion of approved services, by jurisdiction, 30 June 2016

Jurisdiction	Proportion
ACT	2.3%
NSW	34.7%
NT	1.4%
QLD	18.6%
SA	7.6%
TAS	1.5%
VIC	26.6%
WA	7.4%

Source: Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016.

3.5 Industry size and fragmentation

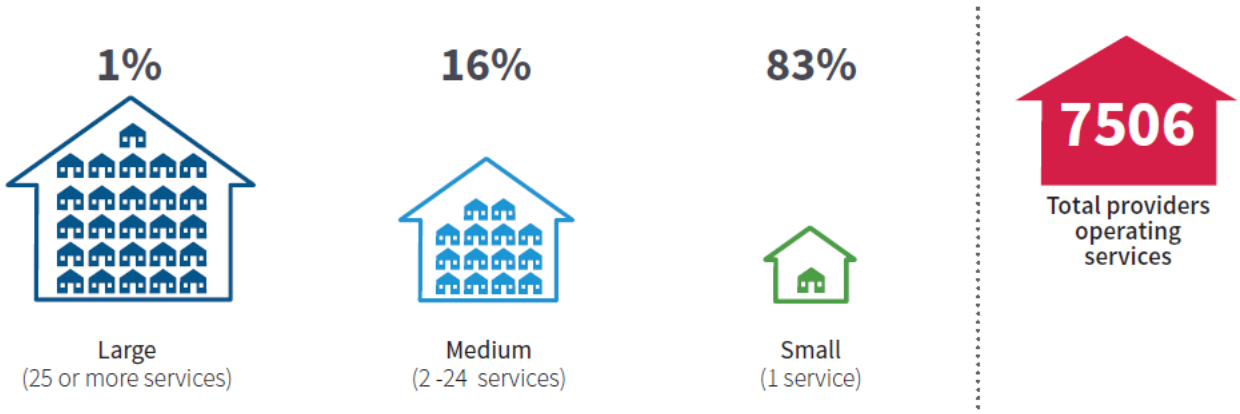
The Australian childcare market is fragmented, with 15,417 childcare centres being operated under the NQF by 7,506 providers.[19]

[19] Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016, p. 4.

The majority of approved education and childcare providers, 83%, operate a single childcare facility.[20] Meanwhile, 16% of childcare providers operate between two and 24 facilities. Only 1% of providers operate in excess of 25 facilities.[21] This spread is illustrated by Figure 6.

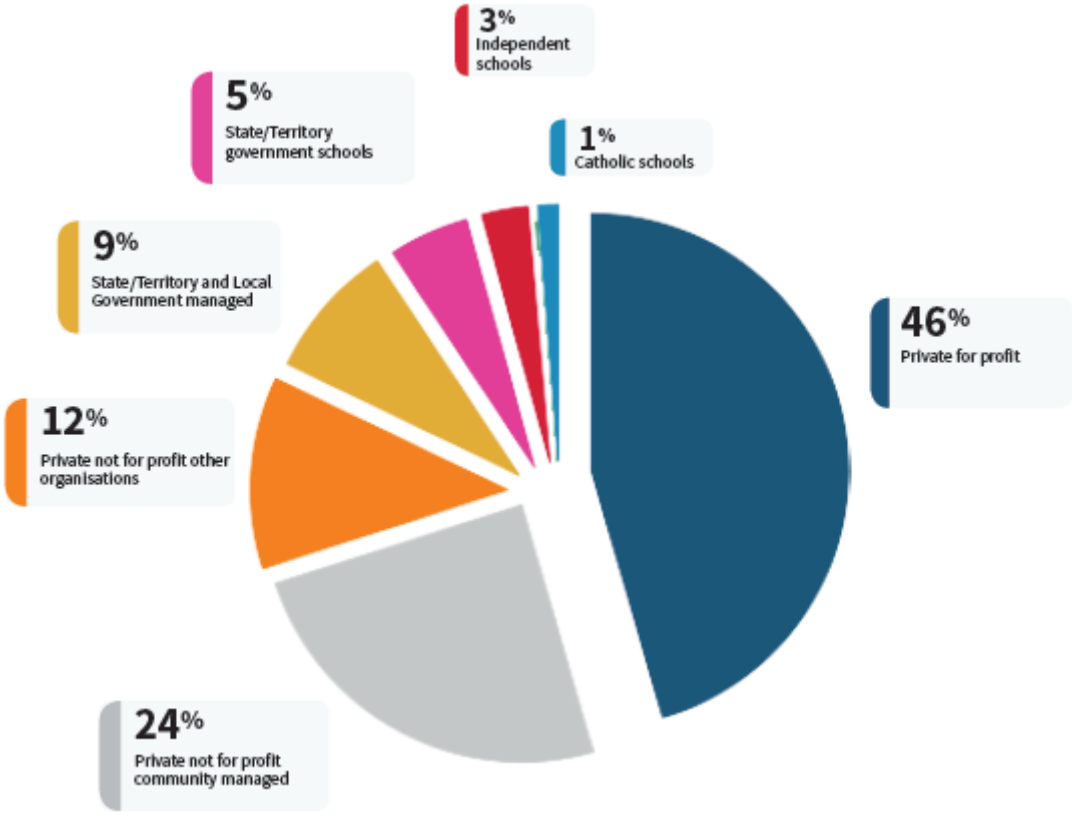
The portion of approved services by provider type is further broken down in Figure 7.

Figure 6 – Proportion of approved providers with services, by size, 30 June 2016



Source: Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016.

Figure 7 – Proportion of approved services by childcare provider type, 30 June 2016



Source: Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016.

[20] Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016, p. 8.
[21] Australian Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016, p. 8.

3.6 Major service providers

There are a number of major Australian childcare service providers that operate nationally, with a combination of not-for-profit and for-profit operators.

Mayfield Childcare understands that the largest provider is the not-for-profit operator Goodstart Early Learning. G8 Education (ASX: GEM) and Affinity Education are both for-profit providers. Other large providers include Guardian Early Learning Group, KU Children's Services, Think Education (ASX: TNK) and YMCA Australia.

Table 3 - Major childcare service providers in Australia

This table outlines what Mayfield Childcare understands to be the key details and operational aspects of the current major Australian childcare providers. Any reference to the word 'centres' in Table 3 includes long day care centres (excluding separate preschools), family day care, occasional care, outside school-hours care and vacation care and is therefore not limited to Childcare Centres.

Major Provider	Key Details
Goodstart Early Learning Centre	• 643 centres in Australia • Employs over 13,500 staff • Cares for 71,500 children • Market share of 8.3% according to IBISWorld[22] • Not-for-profit organisation co-owned by The Benevolent Society, Mission Australia, Social Ventures Australia and the Brotherhood of St Laurence
G8 Education Ltd	• 489 centres in Australia • Also operates childcare centres in Singapore • Employs approximately 10,741 staff • Cares for over 75,000 children in a given week (with a capacity of 35,221 children) • Market share of 8.2% according to IBISWorld[23] • For-profit company listed on the ASX (originally listed as Early Learning Services (ASX: ELY) in 2007, merged with Payce Childcare in 2010) • EBIT $160.4 million in 2015
KU Children's Services	• 150 centres in Australia • Employs more than 2,500 staff • Cares for more than 14,000 children • Estimated market share of less than 1.5% according to IBISWorld[24] • Not-for-profit organisation, established in 1895 as the Kindergarten Union of New South Wales
Affinity Education Group Ltd	• Owns and operates 163 centres in Australia, up from 57 in 2014 • Employs approximately 3,600 staff • Cares for approximately 12,350 children • Estimated market share of less than 2% according to IBISWorld[25] • For-profit company listed on the ASX in December 2013, and delisted in December 2015 after it was acquired by Anchorage Capital Partners
Guardian Early Learning Group	• 80 centres around Australia • Operates both community and corporate childcare

[22] IBISWorld, Child Care Services Market Research Report, ANZSIC Q8710, Mar 2016, p. 23.
[23] IBISWorld, Child Care Services Market Research Report, ANZSIC Q8710, Mar 2016, p. 23.
[24] IBISWorld, Child Care Services Market Research Report, ANZSIC Q8710, Mar 2016, p. 26.
[25] IBISWorld, Child Care Services Market Research Report, ANZSIC Q8710, Mar 2016, p. 25

Major Provider	Key Details
	services • Employs approximately 1,400 staff • Cares for more than 5,000 children • Estimated market share of less than 1.5% according to IBISWorld[26] • Established in 2004, current major shareholder is Navis Capital , noting that Partners Group has agreed to acquire a controlling stake in a deal expected to close in 2016
Think Childcare Ltd	• Owns and manages 42 centres around Australia (majority are located in Victoria) • Employs over 700 staff • Estimated market share of less than 0.5% according to IBISWord[27] • For-profit company listed on the ASX in October 2014, major shareholder (34%) is the company's CEO/MD
YMCA Australia	• Federation of 24 member associations in Australia • Some member associations have sub-branches • Operates early learning centres and kindergartens, family day care programs, outside school hours care programs

3.7 Services offered and service usage

During the September quarter 2015, almost 1.27 million children attended approved childcare in Australia.[28] This was up by 5.7% since the September quarter 2014.[29] For children aged up to 12 years using approved childcare, this represents 31.8% of the population in that cohort in Australia.[30]

The services provided by the childcare industry are generally divided into four categories:

- long day care;
- family day care;
- occasional care; and
- outside of school hours care.

The breakdown of the numbers of children using the various childcare services is detailed in Figure 4.

Table 4: Number of children using childcare by service type, September quarter 2014 to September quarter 2015

Service type	Sep. 14	Dec. 14	Mar. 15	Jun. 15	Sep. 15
Long Day Care	658,400	664,890	660,760	643,810	676,050
Family Day Care and In-Home Care	203,790	208,380	220,420	220,850	227,990
Occasional Care	7,750	7,630	6,670	7,010	7,380
Outside School Hours Care	369,630	339,260	382,580	391,150	398,730
Total[1]	**1,201,110**	**1,184,750**	**1,211,200**	**1,224,170**	**1,269,190**
% of Australian population[2]	*30.6%*	*30.2%*	*30.8%*	*30.7%*	*31.8%*

1 As children may use more than one service type in any particular quarter and due to rounding, the sum of the component parts may not equal the total.

2 Number of children aged 0–12 years using approved childcare as a proportion of all Australian children aged 0–12 years.

[26] IBISWorld, Child Care Services Market Research Report, ANZSIC Q8710, Mar 2016, p. 25.
[27] IBISWorld, Child Care Services Market Research Report, ANZSIC Q8710, Mar 2016, p. 26.
[28] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015, p.3.
[29] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015, p.3.
[30] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015, p.3.

Source: Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015.

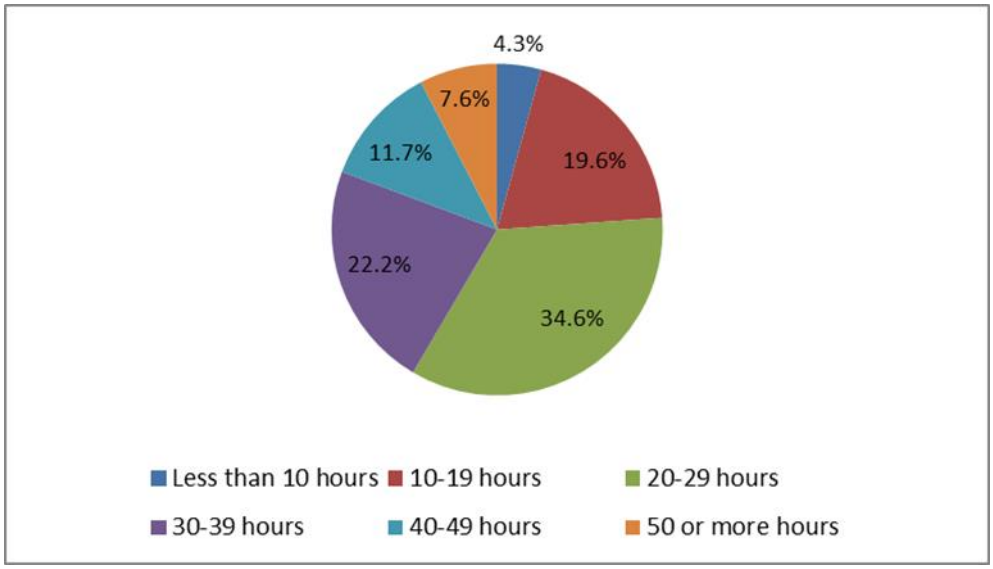
Long day care

The largest proportion of children in childcare attend long day care, which is a facility-based form of childcare. Long day care centres offer all day or part-time care for children aged between six weeks and six years of age.

Table 4 shows that 676,050 children accessed long day care in September 2015, compared to 658,400 in September 2014, representing an increase of 2.7%.

Generally speaking, children in long day care spend more time in childcare than children in other types of childcare. During the September quarter 2015, the average time that a child spent in approved childcare across all service types was 25.7 hours per week, compared to children who used long day care who attended for an average of 28.4 hours per week.[31] Of those children in long day care, approximately 76.1% of children attended care for 20 hours or more.[32] The breakdown of average attendance is illustrated in Figure 8.[33]

Figure 8 – Children using long day care by average hours per week, June quarter 2014



Source: Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015.

Family day care

Family day care educators provide care in their own homes for other people's children on behalf of an approved family day care service, such as a local municipality or other community organisation. In the September quarter 2015, there were 227,990 children attending this service, representing an increase of 11.9% compared to the previous year.[34]

Occasional care

Occasional care provides short periods of care for non-school aged children. Table 4 shows that occasional care is the least prevalent type of service, and with declining popularity. Only 7,380 children attended in the September quarter 2015, representing a decrease in attendance of 4.8% compared to September 2014.[35]

Outside of school-hours care

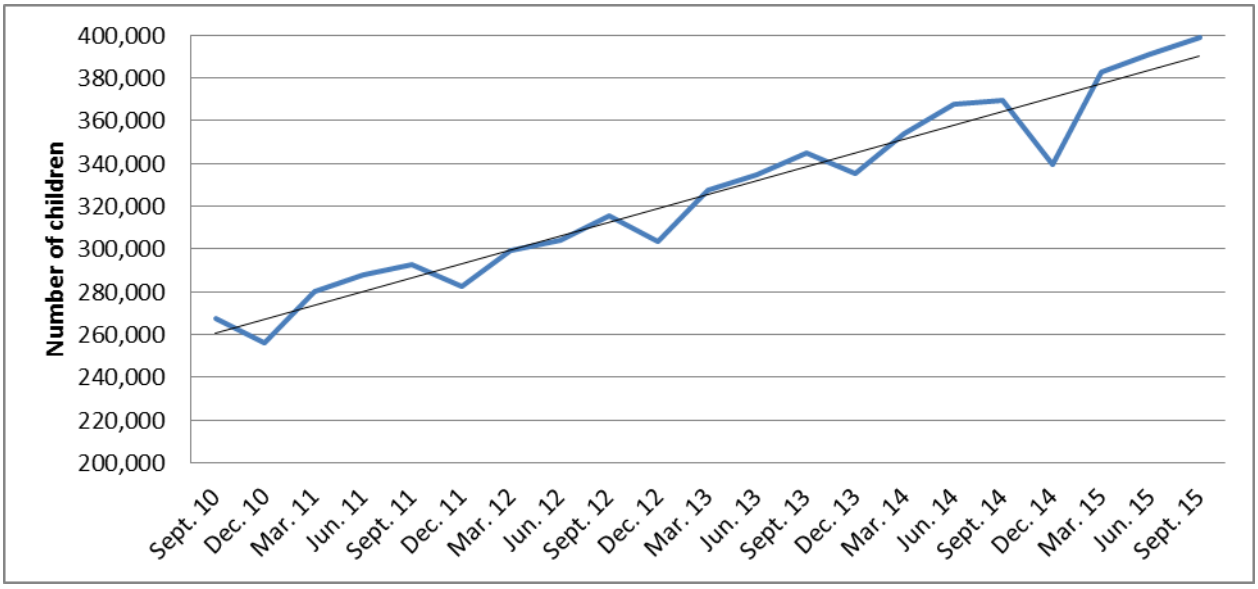
Outside of school-hours care provides care services for school-aged children before or after school during the school term, during school holidays (also known as vacation care), and on 'pupil free' days. It

[31] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015, p.5.
[32] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015, p.5.
[33] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015, p.5.
[34] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015.
[35] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015.

is the second-largest type of care service, with 398,730 children attending in the September quarter 2015.[36]

There has been strong growth in this service category over recent years. The number of children using this service increased by 7.9% between September 2014 and September 2015 and grew by 49% for the period between September 2010 and September 2015.[37] The growth in this category is illustrated in Figure 9.

Figure 9 - Number of children using outside of school-hours care, September Quarter 2010 to September Quarter 2015



Source: Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015 and September Quarter 2014; Department of Education, Child Care and Early Learning in Summary September Quarter 2013; Department of Education, Employment and Workplace Relations, Child Care Update, September Quarter 2012, September Quarter 2011 and December Quarter 2010.

[36] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015.
[37] Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015; Department of Education, Employment and Workplace Relations, Child Care Update, December Quarter 2010.

Section 4 – Government regulation, funding and policy

4.1 Introduction

The Commonwealth government is the major policy maker and regulator of the Australian childcare industry, with the State and Territory governments retaining a role in administering the Federal regulatory framework.

Mayfield Childcare believes that the Commonwealth government recognises that its childcare policies will impact upon workforce participation – which is important for boosting economic growth and increasing Australian families' standard of living, and that there is the need for a national framework to improve educational standards.

The Commonwealth government is a major provider of funding for childcare in Australia.

4.2 National Regulatory Framework

At the Commonwealth level, the *Education and Care Services National Law Act* 2010 (Cth) and the *Education and Care Services National Regulations* 2011 (Cth) (**Commonwealth Legislation**) comprise the overarching legislative framework for the Australian childcare industry. The Commonwealth Legislation also established the NQF, which is overseen by ACECQA.

Each State and Territory has passed legislation to give effect to the national system. Under the national framework, each State and Territory has an authority that is responsible for approving, monitoring and assessing the quality of services in that State or Territory. State and Territory governments continue to regulate childcare services not covered under the NQF (such as occasional care and in-home care).

4.3 NQF

The NQF was introduced in 2012, established by the Commonwealth Legislation and endorsed by the Council of Australia Governments (**COAG**) in December 2009. The NQF fundamentally changed the childcare industry's regulatory environment from a variety of State and Territory licensing and approvals to a nationally integrated system.

Key focus areas for the NQF are the development of qualification requirements for Educators and prescribed Educator-to-child ratios.

Approved qualifications[38]

From 1 January 2014, long day care and preschool services require the minimum attendance of a qualified early childhood teacher (requiring a Bachelor's degree). Additionally, the remainder of the Educators are required to have or be working towards an approved education and care qualification (Diploma and Certificate III levels).

Prescribed Educator-to-child ratios[39]

Centre-based services are required to meet prescribed minimum Educator-to-child ratios. Savings provisions in some jurisdictions alter these slightly, as detailed in Table 5.

Minimum ratios also apply to family day care services, where the ratio is one Educator to seven children aged up to 13 years (with no more than four children preschool age or under).

Table 5 - Educator-to-child-ratios by age of children

Age of children	Educator to child ratio	Date requirement applies from
Birth to 24 months	1:4	Current – all States and Territories
Over 24 months and less	1:5	Current – ACT, NT, NSW, QLD, SA, TAS, WA

Age of children	Educator to child ratio	Date requirement applies from
than 36 months		Saving provision applies in VIC – 1:4
Over 36 months up to and including preschool age	1:11	Current – ACT, NT, QLD, SA, VIC Saving provision applies in NSW, TAS, WA – 1:10
Over preschool age	N/A	NB: State and Territory Ratios may apply

Source: ACECQA

4.4 Early Years Learning Framework

A key component of the NQF is the Early Years Learning Framework (**EYLF**). The EYLF was developed by the States and Territories, and was adopted by COAG in December 2009. The EYLF is essentially an approved national curriculum framework under the NQF for early childhood education for children under five years of age. The EYLF is a guide for Educators and providers to develop quality educational programs, and deliver these in a nationally consistent manner. States and Territories have other approved learning frameworks under the NQF.

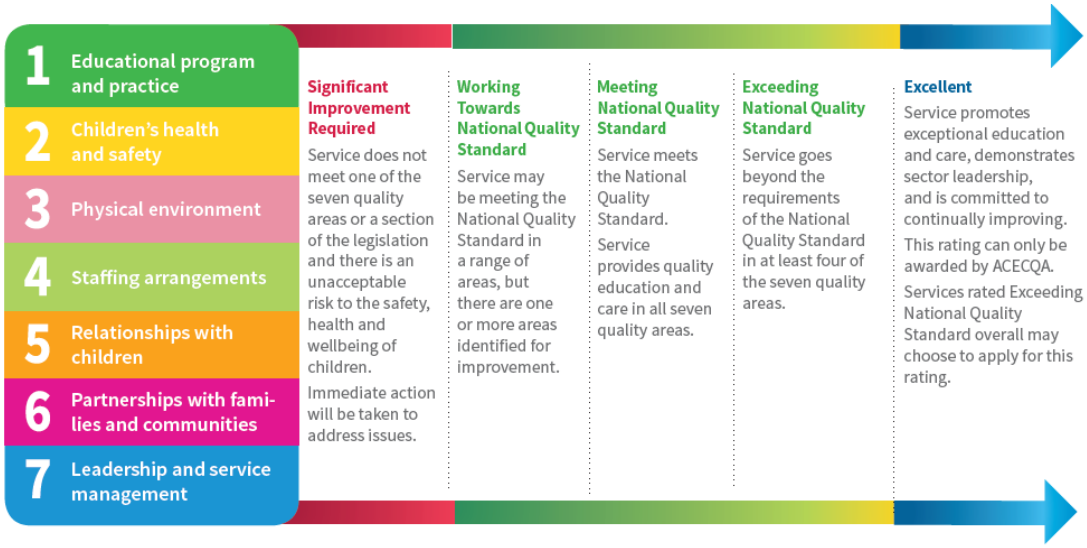
4.5 National Quality Standard

Another element of the NQF is the NQS which sets a national benchmark for early childhood education and care, and outside school hours care services in Australia. Assessment and rating of childcare services began in August 2012, with the assessments undertaken by the relevant State or Territory Regulatory Authority.[40]

Each Childcare Centre receives a rating in the seven quality areas, 18 standards and 58 elements that make up the NQS. Childcare services are then given a rating for each of the seven quality areas (detailed in Figure 10) and an overall quality rating.[41]

[40] Australian Children's Education & Care Quality Authority, Guide to the National Quality Standard, September 2013.
[41] Australian Children's Education & Care Quality Authority, NQF Snapshot Q2 2016, August 2016.

Figure 10- NQS Quality Rating of Services



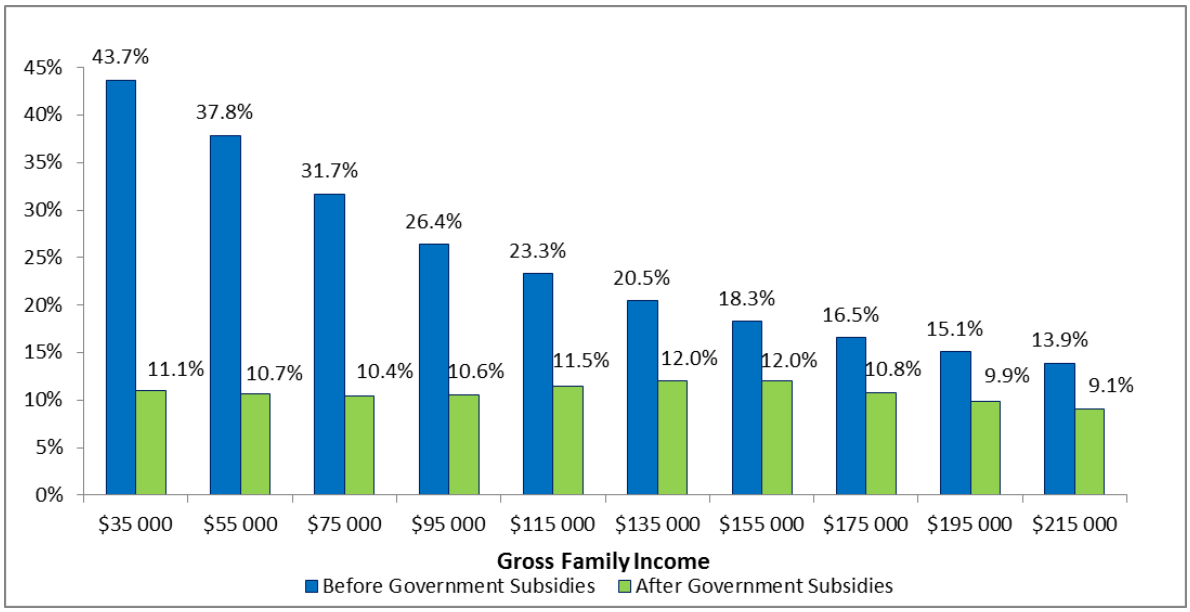
Source: ACECQA, NQF Snapshot Q1 2016, August 2016.

4.6 Commonwealth government funding

The Commonwealth government provides a number of significant financial assistance payments to families in relation to childcare services. The key forms of assistance payments currently provided by the Commonwealth government are the CCB, which is means tested, and the CCR, which is not means tested.

Commonwealth government payments are generally paid directly to the approved childcare and education service providers. The impact of these government payments/subsidies on families' out of pocket expenses for one child in long day care is illustrated in Figure 11.

Figure 11: Out-of-pocket costs[42] for one child in long day care before and after Commonwealth government subsidies, March Quarter 2015



[42] Out-of-pocket costs (before and after Commonwealth government subsidies) are shown for families with one child using Long Day Care for 50 hours of care per week.

Source: Department of Education and Training, Early Childhood and Child Care Summary, September Quarter 2015.

Total funding

The total Commonwealth government funding budget for childcare is approximately $8.5 billion for 2016-2017.[43] In the 2015 Commonwealth Budget, the Treasurer announced that the Commonwealth would invest an additional $3.5 billion over five years on childcare assistance.[44] To this end, the 2016-2017 budget figures project over $11 billion of funding in 2018-2019 and approximately $12.2 billion in 2019-2020.[45]

Announced funding changes

In 2013, the Commonwealth government requested that the Productivity Commission undertake the 'Inquiry into Child Care and Early Childhood Learning'. The purpose of this broad inquiry was to investigate how the Australian childcare system could be made more affordable, accessible, and flexible. The inquiry's report was provided to the Commonwealth government in October 2014, and released publicly in February 2015. Amongst other recommendations, the Productivity Commission recommended that the CCB and CCR be combined into a single means tested subsidy.[46]

In response to the Productivity Commission's recommendations, the Treasurer announced in the 2015 Commonwealth Budget that from 1 July 2017, the CCB and CCR will be replaced with a simplified single childcare subsidy.[47]

However, implementation of these reforms is subject to the passage of legislation. As at the date of this Prospectus, the Commonwealth Parliament has failed to pass the required legislation – the Bill lapsed in April 2016.[48] Accordingly, there is currently a level of uncertainty surrounding the reforms to childcare funding – but Mayfield Childcare believes that there is generally a bipartisan commitment to increase government funding in the Australian childcare sector.

In the 2016 Commonwealth Budget, it was noted that the commencement date for the announced changes has been deferred to July 2018.[49]

Table 6 summarises the announced changes to the Commonwealth government childcare subsidies.

Table 6 - Announced changes to the Commonwealth government childcare subsidies

	Current System	Productivity Commission Report Recommendation	New proposed government policy – set to commence 2 July 2018
Payment Eligibility	CCB is means tested. CCR is not means tested.	Single means-tested subsidy	Single means-tested subsidy, with additional payments for disadvantaged children.
Payments Amounts	CCB for a non-school aged child is $4.10 an hour. CCR covers 50% of out-of-pocket childcare expenses up	A subsidy rate set at the median price across different services	Families earning $65,000 or less will receive a subsidy of 85 % (up to an hourly fee cap). The subsidy gradually reduces to 50 % for families earning

[43] Commonwealth government, Portfolio Budget Statements 2016-17, Budget Related Paper 1.5: Education and Training Portfolio, 2016, p. 25.
[44] Commonwealth government, Budget 2015-2016: Families Package, 2015.
[45] Commonwealth government, Portfolio Budget Statements 2016-17, Budget Related Paper 1.5: Education and Training Portfolio, 2016, p. 25.
[46] Productivity Commission, Inquiry Report: Child care and early childhood learning, No. 73, 31 October 2014.
[47] Commonwealth government, Budget 2015-2016: Families Package, 2015.
[48] Australian Parliament House Website, http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/Bills_Search_Results/Result?bId=r5598, accessed 10 September 2016.
[49] Commonwealth government, Portfolio Budget Statements 2016-17, Budget Related Paper 1.5: Education and Training Portfolio, 2016, p. 25.

	Current System	Productivity Commission Report Recommendation	New proposed government policy – set to commence 2 July 2018
	to a maximum of $7,500 per child per year.		around $170,000 or more. Annual cap of $10,000 for families earning more than $185,000.
Work Requirements	CCB – parents can access 24 hours of the means-tested CCB per child each week without having to meet a work or study test. CCR – both parents required to work or study "at some time" during the week.	Both parents need to work or study for 24 hours a fortnight. Exemptions apply if parents are on income support payments.	Parents will have to work between eight and 16 hours a fortnight to get 36 hours of subsidy. If they work up to 48 hours, they will get 72 hours of benefit. If they work 49 hours, they will get the full 100 hours of benefit. Families earning less than $65,000 a year will get up to 24 hours per fortnight of childcare.

Source: Commonwealth government, Budget 2015-2016: Families Package, 2015; Productivity Commission, Inquiry Report: Childcare and early childhood learning, No. 73, 31 October 2014.

Announced operational changes

Along with the announced funding changes, there are also a number of operational changes that Mayfield Childcare believes will impact childcare service providers if the proposed legislation is passed. In summary:

- **Increased flexibility for hours of operation** – whereby childcare service providers will only be required to operate 48 weeks per year (only seven weeks if the service only provides outside school hours care), and providers will be able to set the number of hours of care provided per day.
- **Streamlined approval processes to administer subsidies**
- **Strengthened compliance obligations to increase payment integrity** – such as the ability of the Department of Education and Training to reassess a childcare services' approval at any time, an improved approvals process (including ability for the Minister for Education and Training to put a pause on applications), new 'Working with Children' reporting requirements, and limits on backdating attendance records.

4.7 Other relevant policy measures

Nanny Pilot Programme[50]

In April 2014, the then Minister for Social Services announced a $246 million pilot program for childcare assistance to be extended to home-based care services (i.e. nannies). The pilot program was scheduled to begin on 1 January 2016, and run for two years.[51] The Commonwealth government will initially provide subsidised care for around 10,000 children whose parents find it difficult to access mainstream childcare services, such as shift workers, nurses, police and those in rural and regional areas.[52]

Families with combined incomes below $250,000 a year will be eligible for support. Nannies must be at least 18 years of age and have a current Working with Children Check and first aid qualification but will

[50] The Hon Scott Morrison MP, Media Release, 28 April 2015: <http://scottmorrison.dss.gov.au/media-releases/246-million-nanny-pilot-programme-to-support-families-in-work> accessed 10 June 2015.
[51] The Hon Scott Morrison MP, Media Release, 28 April 2015: <http://scottmorrison.dss.gov.au/media-releases/246-million-nanny-pilot-programme-to-support-families-in-work> accessed 10 June 2015.
[52] The Hon Scott Morrison MP, Media Release, 28 April 2015: <http://scottmorrison.dss.gov.au/media-releases/246-million-nanny-pilot-programme-to-support-families-in-work> accessed 10 June 2015.

not be required to hold a minimum early childhood qualification. The NQF will not be a requirement for the pilot programme.[53]

Occasional care

The Commonwealth government has entered into agreements with the Victorian and South Australian governments to increase access to occasional care, particularly in rural, regional and remote areas. This was part of the Coalition government's commitment to restore previous arrangements with the State and Territories where the Commonwealth government funds 45% of the care costs. The Commonwealth has committed to providing $12.6 million from 1 July 2014 until 2017-18.[54]

[53] The Hon Scott Morrison MP, Media Release, 28 April 2015: <http://scottmorrison.dss.gov.au/media-releases/246-million-nanny-pilot-programme-to-support-families-in-work> accessed 10 June 2015.
[54]Department of Education, National Occasional Care Fact Sheet: http://docs.education.gov.au/system/files/doc/other/405_20150203_noc_fact_sheet.pdf accessed 19 May 2016

Section 5 – Risk Factors

Section 5 - Risk Factors

5.1 Introduction

Section 5 describes some of the potential risks associated with the Company and also risks associated with an investment in Shares generally. It does not purport to list every risk that may be associated with an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section 5 are partially or completely outside the control of the Company and its Directors.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or that other risks will not emerge.

There can be no guarantee that the Company will deliver on its business strategy, or that any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Additional risks that the Company is unaware of or that the Company currently considers to be immaterial also have the potential to have a material adverse effect on the Company's business, financial condition, operating and financial performance and the value of its Shares.

Before deciding whether to invest in the Company, you should read the entire Prospectus and satisfy yourself that you have a sufficient understanding of potential risks and should consider whether an investment in the Company is suitable for you having regard to your own investment objectives, financial circumstances, taxation position and particular needs (including financial and taxation issues).

If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, accountant, lawyer or other professional adviser.

5.2 Risks pertaining to an investment in Mayfield Childcare

Risk	Comments
Government regulation & changes in the law	The Australian childcare sector is heavily regulated by the *Education and Care Services National Law Act 2010* (Vic), which has been adopted by all Australian States and Territories. Supporting regulations prescribe frameworks for the management and operation of Childcare Centres in each State. Consequently, changes to the wording, administration or interpretation of the relevant legislation, regulations and policy governing the childcare sector may have adverse effects on the Company's business and financial position. Changes to government regulations and laws which might affect Mayfield Childcare includes, but are not limited to, legislative changes that affect operational factors such as staff-to-child ratios and employment qualification criteria, the demand for childcare services and changes to government funding and subsidies. Changes to operational factors such as staffing ratios and minimum employment qualifications may increase operational expenses and affect the Company's financial position. These changes could significantly affect the Forecast Financial Information that is outlined in this Prospectus.
Government funding changes	At present, the Commonwealth government provides significant support to the Australian childcare industry and Childcare Centre customers. A significant amount of Mayfield Childcare's revenue is expected to come from Commonwealth government assistance. A number of schemes, such as CCB and CCR, have been implemented to provide assistance and improve accessibility and affordability for families to childcare. These schemes are subject to review at any time by the Commonwealth government. Any changes reducing the funding to, or subsidies for or in relation to, Childcare Centres, childcare services, or to eligibility criteria for the CCB, CCR

Risk	Comments
	or any other similar scheme, could have adverse effects on Mayfield Childcare's business and financial position.
Business plan implementation (acquisition and integration)	Mayfield Childcare must effectively implement its business plan in order to meet and achieve its forecast projections. Mayfield Childcare's key strategy is to ensure growth through the acquisition and integration of Childcare Centres in a timely, efficient and cost-effective manner. If the business plan is not properly implemented or not consistently implemented across each of the Mayfield Childcare Centres, there may be a deviation from the Forecast Financial Information and an adverse effect on Mayfield Childcare's business and financial position. Mayfield Childcare intends to grow primarily through the acquisition of additional Childcare Centres after the initial acquisition of the Mayfield Childcare Centres. Before any Childcare Centre is acquired, Mayfield Childcare proposes to undertake a detailed analysis to ensure the Childcare Centre is in line with the Company's objectives and selection criteria. This will only be achieved if the individual value, strengths and weaknesses of each Childcare Centre assessed are appropriately identified. A failure to do so may result in the acquisition of a Childcare Centre that fails to meet Mayfield Childcare's projected forecasts and thereby face financial adversity. Moreover, there is no guarantee that Mayfield Childcare will be able to identify suitable or sufficient Childcare Centres to acquire or be able to agree acceptable terms for the acquisition of these Childcare Centres. Following the acquisition of a Childcare Centre by the Company, there is a risk that the acquired Childcare Centre may be less profitable than might be expected based on the analysis undertaken, including due to a change in ownership. There is therefore no guarantee that acquired Childcare Centres will be or remain profitable, increase in profitability or contribute to the Company's profit growth once acquired by Mayfield Childcare. A Childcare Centre may perform behind Mayfield Childcare's expectations due to issues such as an inability to retain staff at the Childcare Centre and the discovery of issues which were not identified in the due diligence process. Other factors that could negatively impact on the financial situation of a particular Childcare Centre could include unexpectedly high overheads, organisational issues and a fall in local market demand and occupancy. In addition to owning Childcare Centres, Mayfield Childcare hopes to enter into Management Agreements with Third Party Owners. The Company hopes to enter into Management Agreements for an agreed fee. These fees are expected to be negotiated on a Childcare Centre by Childcare Centre basis. Mayfield Childcare has not yet entered into any Management Agreements, but intends this service to be part of its offering in the second half of CY2017. The Management Agreements are expected to give Third Party Owners the right to terminate the Management Agreement with Mayfield Childcare at any point during the term on 3 months' notice, or alternatively, pay the Company the relevant management fee which would have been payable over the 3 month notice period. Mayfield Childcare therefore runs the risk of losing any revenue generated under a terminated Management Agreement, which could have an adverse impact on Mayfield Childcare's business and financial position. There is no guarantee that Mayfield Childcare will be able to identify, successfully negotiate or enter into such Management Agreements.
Registration, assessment and regulation risk	All Childcare Centres must be registered under the NQF in order to qualify for Commonwealth government funding. ACECQA is responsible for monitoring this process by conducting inspections and

Risk	Comments
	assessments of Childcare Centres. ACECQA undertakes inspections and assessments to ensure compliance with relevant regulations and provides a rating to individual Centres. An unsatisfactory evaluation (reflected by a poor rating) may result in the withdrawal of a Childcare Centre's registration and/or government subsidies. If any of Mayfield Childcare's Childcare Centres were subject to registration withdrawal, the Company would be obliged to cease operation until the appropriate standards were met. If this occurs in relation to Mayfield Childcare's Childcare Centres (whether owned or managed under the Management Agreements), this could have an adverse effect on Mayfield Childcare's business and financial position.
Due diligence	Prior to the Prospectus Date, Mayfield Childcare has undertaken pre-acquisition due diligence on each of the Mayfield Childcare Centres. Investors should note that the Company's due diligence inquiries may not have identified all risks that may be critical to determining whether a Childcare Centre is suitable for acquisition by Mayfield Childcare. Any material risk not identified in the due diligence inquiries could have an adverse effect on the Forecast Financial Information contained in this Prospectus and also on Mayfield Childcare's business and financial position. There also exists a risk that information provided to Mayfield Childcare by one or more of the Vendors may not be reliable or could not be completely verified. If such information proves to be unreliable, this could also adversely affect Mayfield Childcare's Forecast Financial Information and the Company's business and financial position. Investors should be aware that these risks similarly apply to any future acquisitions of additional Childcare Centres by Mayfield Childcare after Listing.
Suitably qualified management and staff	It will be essential for Mayfield Childcare to attract and retain suitably qualified management and staff to support the operations of the Company. The childcare industry has strong competition for highly skilled workers due to the limited number of people with the appropriate skill set. There is a risk that the Company will be unable to attract and retain the necessary staff to pursue its business model. Any difficulty in attracting or retaining suitably qualified management and staff could disrupt and materially affect the operations of Mayfield Childcare in the short to medium term. This may adversely affect the Company's business and financial position.
Competition	The Australian childcare industry is highly competitive. Mayfield Childcare will be competing against other long day care service providers as well as outside school hours providers. Competition between childcare service providers is generally based on the quality of the relevant Childcare Centres and the care provided, coupled with the location and cost of the service. If a Childcare Centre is established by a competitor in close proximity to a Mayfield Childcare Centre, then this may adversely affect the Company's business and financial position. Mayfield Childcare must provide a high quality service in desirable locations at an appropriate price for customers. Mayfield Childcare must also respond to the ever-changing competitive landscape. Entry by new competitors may mean increased consolidation of the sector, reducing potential acquisition targets, whilst current competitors also compete with Mayfield Childcare for acquisition targets.
Funding	Mayfield Childcare's business plan and growth strategy is dependent on acquiring

Risk	Comments
	new Childcare Centres. Mayfield Childcare will require funds to acquire new Childcare Centres and intends to execute acquisitions using a combination of both debt and equity funding. The funding sought to be raised by the Offer is based on the Company's best estimation of cash flow projections and estimated expenditures. The Company has limited financial resources and may need to raise additional funds or access further debt from time to time to finance the acquisition of further centres and achieve other longer-term objectives. The Company's ability to raise additional funds will be subject to, among other things, factors beyond the control of the Company and its Directors, including cyclical factors affecting the economy and share markets generally. Debt financing, if available, may involve covenants restricting the Company's operations or its ability to incur additional debt. There is no assurance that future funding, whether debt or equity, can be raised by the Company on favourable terms, if at all, or that the Company will have the funding that it requires to complete its business plan. In addition, the Company may decide to use the proceeds of the Offer differently to its current plans, or may need to obtain additional funding to continue operations (or both), including if there are delays in regulatory approvals or slower than anticipated demand for childcare.
Debt Facility	The Debt Facility detailed in this Prospectus is in the form of a binding credit approved term sheet with Westpac Banking Corporation. There is no agreed and fully documented Debt Facility in place. Therefore, any inability to obtain approval and finalise documentation on substantially the same conditions in the approved term sheet may materially affect the ability of Mayfield Childcare to proceed with its proposed acquisition of one or more of the Mayfield Childcare Centres and accordingly, may also materially affect the Forecast Financial Information which assumes the Company will acquire all of the 16 Mayfield Childcare Centres. The term sheet is subject to conditions that must be satisfied prior to finalising documentation for a Debt Facility. As such, there is a risk that the final Debt Facility may be materially different to the credit approved term sheet referred to in this Prospectus.
Debt refinancing	Businesses are continually reviewing their debt facilities and refinancing options, and may refinance all or some of their debt prior to maturity. Mayfield Childcare investors are at risk of Share price movements if Mayfield Childcare is unable to repay or refinance its debt obligations on favourable terms. If this occurs, Mayfield Childcare may seek to raise further debt or issue new Shares to finance its Debt Facility. These actions, combined with the level of interest rates at the time, may have an adverse impact on Mayfield Childcare's Share price.
Reputation	Mayfield Childcare wishes to establish a reputation as a leading provider of high quality childcare services. A strong reputation in the childcare industry will assist in growing and sustaining occupancy at Mayfield Childcare Centres. Any factors that influence the strength and brand reputation of Mayfield Childcare in the eyes of customers and the marketplace could affect the Company's business and financial position.
Expenses	The two key expenses that are payable by Mayfield Childcare in relation to its Childcare Centres are employee wages and property lease payments. Other expenses include classroom supplies and groceries. Mayfield Childcare will aim to implement strategies to mitigate the risks of

Risk	Comments
	fluctuating or unexpected rises in these expenses. However, investors should be aware that these expenses might increase due to factors that are beyond the control of Mayfield Childcare, which could adversely affect the Company's business and financial position.
Misconduct	As an organisation with a material number of employees, Mayfield Childcare operates with a risk that misconduct by any of its employees could have serious ramifications for the Company's brand and reputation. Any damage to the Company's brand and/or reputation could result in adverse financial consequences. Mayfield Childcare will have procedures and processes in place to deal with and deter any misconduct in the workplace. However, you should be aware that these processes cannot guarantee that Mayfield Childcare will be completely free from employee misconduct.
Lack of diversification	As Mayfield Childcare only operates in the Australian childcare industry, there is a risk that any impact on the Australian childcare industry will have a material effect on the Company's business and financial position.
Directors, management and liquidity	Following Listing, certain Shares in Mayfield Childcare will be owned directly or indirectly by Directors, management and other related entities. The Shares held by one or more of these persons or entities may be subject to ASX imposed escrow. This may affect the liquidity and availability of Shares post-Listing. Further details about the Shareholdings of Directors and management are outlined in Section 1, Section 2 and Section 6.
Internal and external risk and control	Internal processes and systems as well as external events beyond Mayfield Childcare's control may result in loss for Mayfield Childcare. Operational risks such as fraud and security may not be detected and exposed before loss has occurred. These compromises may affect the reputation of Mayfield Childcare and could have an adverse impact on the Company's business and financial position.
IT systems	Mayfield Childcare utilises IT systems and programs that coordinate the operation and management of Childcare Centres. Specifically, the Company has made investment into systems and technologies that will automate daily rostering, forecasting, reporting and accounting of the Company's Childcare Centres. These systems will assist in the coordination and implementation of integrating the Mayfield Childcare Centres and any additional Childcare Centres which Mayfield Childcare may acquire or manage in the future. Any interruption, damage, unauthorised use, act of war, cyber-attack, telecommunications failure or other events that affect the operation and management of the Company's IT systems could adversely impact its business and financial position. Mayfield Childcare will attempt to mitigate any disruptions to the IT and communications systems by having certain systems and procedures in place. However, Mayfield Childcare cannot guarantee that these defensive processes will effectively mitigate or prevent disruptions or failures to its IT systems.
Leases	Mayfield Childcare does not own the freehold land upon which Mayfield Childcare Centres operate. Rather, the Company leases the premises that the Mayfield Childcare Centres operates upon through a lease with the relevant freehold landowner. Mayfield Childcare must pay periodic rent and other monies payable from time to

Risk	Comments
	time under the lease to the freehold titleholder. These leases may also contain change of control provisions which will apply to Mayfield Childcare. In the unlikely event of default on a lease by Mayfield Childcare, the landlord may have a right to terminate the lease. Termination of a Childcare Centre's lease could have an adverse impact on the Company's business and financial position. Mayfield Childcare may be at risk of being unable to renegotiate a lease on similar terms to lease contracts currently in place. Increases in rental rates could have an adverse impact on the Company's business and financial position, as it may not be in a position to pass increased operational expenses on to its customers. This may be affected by the timing of a proposed fee increase in relation to the timing of recent fee increases, the fees charged by other local services and the negative impact that fee increases could have on the demand for Mayfield Childcare's services.
Industrial relations	Mayfield Childcare is subject to risks which affect the labour market. Any labour reform which reduces the flexibility of Mayfield Childcare in relation to its employees may cause higher labour costs, industrial disputes and complications with compliance. These changes may affect the ability of Mayfield Childcare to retain and attract quality staff.
Insurance	Mayfield Childcare will take out insurance policies to cover certain risks it has identified. Adequate insurance policies may not always be available or be able to indemnify Mayfield Childcare against all risks or liabilities. Where insurance does not fully cover Mayfield Childcare's loss or liability in relation to that, this could have an adverse impact on its financial position and business. Mayfield Childcare cannot guarantee that any insurance it has will fully cover the Company in all circumstances.
Litigation	Mayfield Childcare is not currently involved in any litigation and is not aware of any facts or circumstances that may give rise to litigation. Mayfield Childcare may be exposed to complaints or litigation from third parties such as customers, employees and regulators and this may have an adverse impact on the Company's business and financial position.
Shareholding dilution	In the future, the Company may elect to issue Shares or engage in capital raisings to fund the development of products, for working capital purposes or for other opportunities that the Company may decide to pursue. While the Company will be subject to the constraints of the Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such issues of Shares and capital raisings.
Failure to increase fees	The Forecast Financial Information contained in this Prospectus includes certain projected fee increases over the Forecast Period in each Childcare Centre to be acquired by Mayfield Childcare. Market conditions and changes in regulations may cause changes to fees passed on to customers. As a result, Mayfield Childcare's actual financial outcomes may differ from the Forecast Financial Information .
Liability	In the event that a child who is under the care of Mayfield Childcare is injured, harmed or incapacitated, Mayfield Childcare may be at risk of a claim for damages. These claims may not materialise immediately.
Decline in birth rate	A decline in the birth rate and the number of children aged up to six years old may affect the profitability of Mayfield Childcare. The demand for childcare services in

Risk	Comments
	Australia is driven by the number of children requiring long day care services. Therefore, fewer births may adversely affect demand for Mayfield Childcare's services and its profitability.
Intellectual property	In accordance with the terms of the Acquisition Agreements, Mayfield Childcare will acquire certain intellectual property relating to the relevant childcare business from the Vendor, including relevant trademarks, business names and domain names. If there are any issues or delays to the transfer of the relevant intellectual property, such as the trademarks, business names and domain names, or there is a subsequent challenge to the relevant registration or common law rights in relation to those intellectual property rights, this could have an adverse effect on Mayfield Childcare's business and financial position, for example, as rebranding costs may be incurred.

5.3 General investment risks

General investment risks	Comment
General economic and financial market conditions	General economic conditions (both domestically and internationally), including long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities may adversely impact the Company's business and the price of Shares. A prolonged downturn in general economic conditions may impact the demand for the Company's products or make it difficult to win or renew contracts. Economic conditions in Australia and international jurisdictions may also encourage increased competition. These factors may in turn have a material adverse effect on the Company's business and financial position. The Company's ability to access capital markets to obtain funding on acceptable terms will be dependent on prevailing economic and market conditions.
Price of Shares	There are risks associated with investments in a company listed on the ASX. The market price of Shares may be volatile and subject to fluctuations in response to numerous factors, many of which are beyond the control of the Company, including the following: ▪ actual or anticipated fluctuations in the Company's results and recommendations by securities research analysts; ▪ general operational and business risks, including significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; ▪ general economic conditions, including interest rates, inflation rates, exchange rates and commodity prices; ▪ changes in the economic performance or market valuations of childcare businesses or other companies that investors deem comparable to the Company; ▪ fluctuations in the domestic and international market for listed securities; ▪ changes to government policy, legislation or regulation; ▪ inclusion in or removal from market indices; ▪ the nature of markets in which the Company operates; ▪ general and operational business risks; ▪ natural disasters;

General investment risks	Comment
	▪ access to debt and capital markets; and ▪ global hostilities, tensions and acts of terrorism. Financial markets have at times experienced significant price and volume fluctuations that have particularly affected the market price of equity securities of companies, and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, there is no assurance that the price of the Shares will increase following their quotation on the ASX, irrespective of the Company's performance. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be permanent, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur and that the Company's operations will not be adversely impacted, or that the trading price of the Shares will not be adversely affected.
Trading in Shares may not be liquid	Prior to the Offer, there has been no public market for the Shares. Once the Shares are quoted on the ASX, there can be no guarantee that an active trading market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid. The Company expects that some of the Shares held post Completion of the Offer will be Restricted Securities subject to ASX imposed escrow arrangements. This may cause, or at least contribute to, limited liquidity in the market for the Shares during the relevant escrow period. This could also affect the prevailing market price at which Shareholders are able to sell their Shares during that period. Following the end of the relevant escrow period, a significant sale of Shares by the Shareholders including Shares that were Restricted Securities during the escrow period, or the perception that such a sale might occur, could adversely affect the market price of the Shares.
Force majeure events	Events may occur within or outside Australia that could impact upon the Australian economy, the operations of the Company and the price of the Shares. The events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business.
Australian Accounting Standards	AAS are set by the AASB and are outside the control of the Company and its Directors. The AASB is due to introduce new or refined AAS during the period to 2018, which may affect future measurement and recognition of key income statement and balance sheet items, including revenue and receivables. There is also a risk that interpretations of existing AAS, including those relating to the measurement and recognition of key income statement and balance sheet items, including revenue and receivables, may differ. Changes to AAS issued by the AASB or changes to the commonly held views on the application of those standards could have an adverse impact on the financial performance and position reported in the Company's financial statements.
No guarantee in respect of investment	The risk factors set out in this Section and in the Prospectus generally should not be taken as an exhaustive list of the risks faced by the Company or by investors in the Company. The expressly specified factors, and others not specifically referred to above, may materially affect the financial performance of the Company and the value of the Shares. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the ASX. Furthermore, there is no guarantee that the Shares will remain

General investment risks	Comment
	continuously quoted on the ASX, which could impact the ability of prospective Shareholders to sell their Shares. None of the Directors or any other person guarantees the market performance of the Shares or the payment of dividends.
Tax legislation	Information contained in this Prospectus is based on taxation law in effect in each State and Territory where Mayfield Childcare operates at the date of this Prospectus. Shareholders may experience lower returns if increases in income tax or new taxes are imposed on Mayfield Childcare. Changes in taxes applying to individuals may also affect Shareholders. Mayfield Childcare is not liable or responsible for taxation incurred by Shareholders and you should be aware that Australian taxation law is continually reviewed and changed in manners that have both prospective and retrospective implications. Personal tax liabilities are the responsibility of each individual investor. Mayfield Childcare is not responsible for taxation or penalties you may incur as an investor. Tax laws can change at any time. Any change in tax rules and tax arrangements could have an adverse effect on the level of dividend imputation, franking and Shareholder returns. An interpretation of Australian taxation laws by the Commissioner of Taxation that is contrary to Mayfield Childcare's view of those laws may increase the amount of tax payable by it.
Dividends	Mayfield Childcare and its Board expect any dividends to be fully or partly franked. Like all taxation measures, the franking system is subject to amendment and the possibility of abolition. The availability of franking credits will vary depending on the individual tax circumstances of each Shareholder. Shareholders should consult certified independent accountants and tax advisers to discuss any use of franking credits for tax offsets or refunds. For further information on Mayfield Childcare's dividend policy, refer to Section 10.5.

Section 6 – People, Interests and Benefits

Section 6 - People, Interests and Benefits

6.1 Board

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

The composition of the Board committees and details of the Board's key corporate governance policies are set out in Section 6.4.

Each Director below has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director without constraint from other commitments.

Peter Lowe, Chairman

Peter is an experienced director who has held Non-Executive Director roles on 15 listed and private company boards over the last 14 years. His current board roles include Non-Executive Chair of United Energy Pty Ltd (July 2003 – current), Non-Executive Chair of Multinet Pty Ltd (January 2002 – current) and Non-Executive Chair of Lochard Energy Pty Ltd (November 2015 – current).

Peter also provides a range of services to companies including coaching and mentoring, and has an advisory role in a private company that utilises his extensive knowledge of the utilities industry.

Peter's corporate career included Pricewaterhouse Coopers (February 1974 – April 1982), Fosters Brewing Group Limited (April 1982 – November 1994) and Utilicorp United Inc (November 1994 – December 2001). His roles included Chief Financial Officer and Managing Director.

Peter has a Bachelor of Commerce and MBA from the University of Melbourne. He is a member of the Australian Institute of Directors and a fellow of CPA Australia.

Peter was appointed a Director on 22 August 2016.

Dean Clarke, Chief Executive Officer

Dean Clarke has been actively involved in the childcare industry for over 11 years, and is the Chief Executive Officer of Mayfield Childcare.

Since 2005, Dean has overseen the identification, design and construction of greenfield sites through to compliant, licensed and profitable Childcare Centres. Dean is well versed in the regulatory, licensing and quality frameworks of the childcare industry and the commercial negotiations of Childcare Centre acquisition and leasing.

Concurrently, Dean has held senior executive positions with Tabcorp Holdings Ltd, most recently as General Manager Retail, leading a multi-channel retail network of over 800 venues. Prior to this, as General Manager Development, with oversight of the business development and transformation programs and preceding that, General Manager of the domestic and international Virtual Racing business unit.

Dean brings considerable expertise in business strategy formulation, sales and marketing, underperforming asset turnarounds, rapid business expansion and cultivation of high performing teams.

Dean is a Certified Practising Accountant and a member of the Australian Institute of Company Directors.

Dean was appointed a Director on 16 March 2016.

Michelle Clarke, Quality Improvement Advisor

Michelle Clarke has been intimately involved in the childcare industry for more than 11 years. Opening her first Childcare Centre in 2005, Michelle has since successfully developed, acquired, established and operated Childcare Centres in several highly competitive areas including Carrum Downs, Cranbourne, Glen Waverley and Camberwell.

Michelle's extensive knowledge of regulatory compliance requirements within the childcare industry, combined with her proven ability to implement operational efficiencies, has ensured all of her Childcare Centres have experienced rapid Average Occupancy growth and reached full capacity in a relatively short period of time.

Michelle's commitment to delivering quality outcomes and best practice standards is also evident in her Childcare Centre ratings, which have all received either 'High Quality' (under the previous National Childcare and Accreditation Council) or 'Exceeding' (against the current NQS).

Michelle brings extensive knowledge of licensing, regulatory compliance requirements, industry reporting

and end user operating systems.

Michelle was appointed a Director on 22 May 2015.

6.2 Management

Like the Directors, the members of the Management team also contribute the relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience to Mayfield Childcare. On Listing, the members of the Management team will be as set out below.

Dean Clarke, Chief Executive Officer

Refer to Section 6.1.

Glenn Raines, Chief Financial Officer, B.Bus (Accountancy), CPA

Glenn's most recent role prior to joining Mayfield was as Financial Controller and Company Secretary with Rail Manufacturing CRC Ltd (RMCRC), funded by the Commonwealth government's Cooperative Research Centres program. Prior to RMCRC, he was Group Financial Controller and Company Secretary for dual ASX and London AIM listed Ceramic Fuel Cells Limited ASX: CFU (**CFU**), which focused on the research and commercial development of solid oxide fuel cells for generating electricity from natural gas, for local and overseas residential markets. The directors of CFU resolved to place the company into voluntary administration on 2 March 2015 due to being unsuccessful in securing further funding to enable it to explore a corporate transaction to maintain the ongoing future operations of the company. Earlier in his career, Glenn worked in the commercial construction and engineering, education (TAFE) and retail (books) sectors. Glenn is a Certified Practising Accountant with extensive, hands-on experience in managing internal and external financial reporting, statutory compliance and internal processing and controls.

Michelle Clarke, Quality Improvement Advisor

Refer to Section 6.1.

Sandra Fynmore, Development Centres Advisor

Sandra has almost 20 years' experience in the childcare industry having jointly owned and operated the iconic Samantha's Childcare Centre in Glen Iris along with Childcare Centres in Camberwell, Carrum Downs and Bentleigh. Following her resignation from the Robinson Group, Sandra owns and operates a Childcare Centre in Diamond Creek, which will be a Mayfield Childcare Centre on Listing.

Sandra brings a wealth of experience in developing strategies for Average Occupancy improvement and the implementation of quality improvement programs, along with mentoring staff, parent interaction and communication and overall Childcare Centre improvement programs.

6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director;
- promoter of Mayfield Childcare;
- underwriter to the issue or sale of Shares or financial services licensee involved in the issue or sale of Shares under this Prospectus; or
- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus,

holds at the time of lodgement of this Prospectus with ASIC, or in the previous two years before lodgement with ASIC, an interest in:

- the formation or promotion of Mayfield Childcare;
- the Offer; or

- property acquired or proposed to be acquired by Mayfield Childcare in connection with its formation or promotion, or in connection with the Offer,

and no amount (either in Shares, cash or otherwise) has been paid or been agreed, nor has any benefit been given or agreed to be given, to any such persons for services in connection with the formation or promotion of Mayfield Childcare, the Offer or to any Director or proposed Director to encourage them to become, or qualify as, a Director.

(a) Interests of advisers to the Company

Mayfield Childcare has engaged the following professional advisers:

- Ord Minnett Limited and Taylor Collison Limited have acted as Joint Lead Managers to this Offer. Mayfield Childcare has paid or agreed to pay the Joint Lead Managers, together with J.T. Campbell & Co Pty Ltd, a fee for their selling and distribution services which, together, effectively equals 5.4% of the aggregate issue price of the new Shares under the Offer (**IPO Proceeds**) excluding disbursements and GST. The percentage of that fee which each of Ord Minnett Limited, Taylor Collison Limited and J.T. Campbell Co Pty Ltd is entitled to receive will be dependent on the amount of Shares to be issued under the Offer in respect of which they have received or procured valid Applications under the Offer. Included in the effective 5.4% fee payable is the fees payable to the Joint Lead Managers as described Section 10.
- J.T. Campbell & Co Pty Ltd has advised Mayfield Childcare in relation to the Offer. It has acted as corporate adviser in evaluating, planning and implementing the Offer. Together with J.T. Campbell & Co Pty Ltd's potential share, with the Joint Lead Managers, of the effective 5.4% fee described above, Mayfield Childcare has agreed to pay J.T. Campbell & Co an advisory fee of $40,000 per month from 1 February 2016 until the end of the month of the Completion of the Offer,(excluding disbursements and GST). Riversdale Road Shareholding Company Pty Ltd and J.T. Campbell Properties Pty Ltd, who are Existing Shareholders, are associates (as that term is defined in the Corporations Act) of J.T. Campbell & Co.
- MinterEllison has acted as the Australian legal adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, approximately $400,000 (excluding disbursements and GST) for this service until the Prospectus Date. Further amounts may be paid to MinterEllison in accordance with its normal time-based charges.
- DMR Corporate Pty Ltd ABN 21 657 912 851 has acted as the Investigating Accountant in relation to the Offer and has prepared the Investigating Accountant's Report in Section 8. For further details on fees the Company has paid, or agreed to pay, refer to the financial services guide attached to the Investigating Accountant's Reports. Further amounts may be paid to DMR in accordance with its normal time-based charges.
- Australian Sales and Leasing Pty Ltd ABN 87 711 038 471 (**ASL**) provided real estate advisory services and:
    - will be paid a fee of $662,500 plus GST which is payable on a successful listing of the Company by 31 March 2017; and
    - ASL's nominee Kewray Pty Ltd, an Existing Shareholder, holds 850,000 Shares in the Company.

Other than as otherwise stated, to the extent that these amounts, and other expenses of the Offer, are payable by the Company, they will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 9.

(b) Directors, Management and their interests and remuneration

(i) Employment agreements

The key terms and conditions of employment of the Executive Directors and Management are as follows.

Name	Position	Contract commencement date	Key employment terms
Dean Clarke	Chief Executive Officer	Current contract will commence on 28 November 2016 for a period of three years	**Cash and non-cash benefits** Dean Clarke will receive a fixed remuneration of $190,000 per annum inclusive of superannuation entitlements and any other benefits Dean Clarke elects to salary package. **Termination** At any time during the duration of Dean Clarke's contract, Mayfield Childcare or Dean Clarke may terminate his employment by providing six months' notice in writing or, in the case of termination by the Company, by making a payment in lieu of all or part of the notice period. In the event of a serious or persistent breach of a material term of the contract, fraud or misconduct or Dean Clarke being found guilty of any offence which would preclude or inhibit him from performing his duties, Mayfield Childcare may immediately terminate Dean Clarke's contract without notice or payment. **Post-employment restraints** In the event of contract termination, Dean Clarke will be subject to restraint of trade provisions which will prohibit him from: • engaging in any prohibited business in Australia; • interfering with the relationship between the Company and its clients, customers, or employees; or • inducing or assisting in the inducement of any employee of the Company to leave that employment, for six months from the date of termination. These provisions will be subject to established legal requirements and may be enforced at law. However, the above post-employment restraints do not apply to Dean Clarke's involvement, engagement, concern or interest in his Childcare Centres which will not be Mayfield Childcare Centres on Listing, as listed in his employment contract. **Other provisions** The terms of Dean Clarke's employment outlines that he must at all times act in the best interests of Mayfield Childcare to the exclusion of any conflicting obligations, duties or interests where conflicts of interests may arise. The employment contract also outlines strict confidentiality provisions, which continue after termination prohibiting Dean Clarke from disclosing confidential information belonging to Mayfield Childcare and using it for the benefit of a third party or himself.
Glenn Raines	Chief Financial Officer	Current contract will commence on 28 November 2016 for a period of three years	**Cash and non-cash benefits** Glenn Raines will receive a fixed remuneration of $175,200 per annum inclusive of superannuation entitlements and any other benefits Glenn Raines elects to salary package.

Name	Position	Contract commencement date	Key employment terms
			Termination At any time during the duration of Glenn Raines' contract, Mayfield Childcare or Glenn Raines may terminate his employment by providing three months' notice in writing or, in the case of termination by the Company, by making a payment in lieu of all or part of the notice period. In the event of a serious or persistent breach of a material term of the contract, fraud or misconduct or Glenn Raines being found guilty of any offence which would preclude or inhibit him from performing his duties, Mayfield Childcare may immediately terminate Glenn Raines' contract without notice or payment. **Post-employment restraints** In the event of contract termination, Glenn Raines will be subject to restraint of trade provisions which will prohibit him from: • engaging in any prohibited business in Australia; • interfering with the relationship between the Company and its clients, customers, or employees; or • inducing or assisting in the inducement of any employee of the Company to leave that employment, for six months from the date of termination. These provisions will be subject to established legal requirements and may be enforced at law. **Other provisions** The terms of Glenn Raines' employment outlines that he must at all times act in the best interests of Mayfield Childcare to the exclusion of any conflicting obligations, duties or interests where conflicts of interests may arise. The employment contract also outlines strict confidentiality provisions, which continue after termination prohibiting Glenn Raines from disclosing confidential information belonging to Mayfield Childcare and using it for the benefit of a third party or himself.
Michelle Clarke	Quality Improvement Advisor	Consultancy contract will commence on 28 November 2016 for a period of two years	Michelle Clarke will provide consultancy services to Mayfield Childcare in addition to acting as a Director of the Company (**Consultancy Services**). The term of the consultancy agreement is two years. **Cash and non-cash benefits** Michelle Clarke will receive $40,000 per annum (inclusive of superannuation) as a director of Mayfield Childcare and a further $60,000 per annum for the Consultancy Services. **Termination** At any time during the duration of Michelle Clarke's consultancy contract, Mayfield Childcare or Michelle Clarke may terminate her engagement by providing 30 days' notice in writing or, in the case of termination by the Company, by making a payment in lieu of all or part of the notice period. The Company may terminate the contract at any time with immediate effect if Michelle Clarke breaches a material term of the contract, in the reasonable opinion of the Company is guilty of fraud,

Name	Position	Contract commencement date	Key employment terms
			dishonesty or other serious misconduct, ceases to be able to pay her debts or in the reasonable opinion of the Company, engages in conduct which may bring Mayfield Childcare into disrepute. In relation to her appointment as a Director, Michelle Clarke must resign or the Company may remove her from office as a Director if she is disqualified from managing a corporation or otherwise required to do so in accordance with the law, or in accordance with the Company's constitution or the Corporations Act. Otherwise, Michelle Clark's appointment as Director is subject to re-election and retirement by rotation under the terms of the Company's constitution and the ASX Listing Rules. **Post-engagement restraints** In the event of termination of her appointment as a Director, Michelle Clarke will be subject to restraint of trade provisions which will prohibit her from: • engaging in any prohibited business in Australia; • soliciting or accepting an approach from a person who was a customer of the Company during the six month period prior to her termination; or • inducing or assisting in the inducement of any employee of the Company to leave that employment, for 12 months from the date of termination. These provisions will be subject to established legal requirements and may be enforced at law. However, the above post-engagement restraints do not apply to Michelle Clarke's involvement, engagement, concern or interest in her Childcare Centres which will not be Mayfield Childcare Centres on Listing, as listed in her letter of appointment. **Other provisions** Michelle Clarke's consultancy contract and letter of appointment as Director also outline strict confidentiality provisions, which prohibit Michelle Clarke from disclosing confidential information belonging to Mayfield Childcare.
Sandra Fynmore	Development Centres Advisor	Consultancy contract will commence on 21 November 2016 for a period of two years	Sandra Fynmore will provide consultancy services to Mayfield Childcare with specific advice regarding how to increase Average Occupancy at under-performing and Trade Up Childcare Centres (**Consultancy Services**). Sandra Fynmore will also act as the 'Centre Director' at the Mayfield Childcare Centre located in Diamond Creek, Victoria (of which she is currently a part owner and which is subject to an earn-out described at Sections 6.3(b)(iii) and 10.8(a)) (**Centre Director Services**). The term of the consultancy agreement is two years. **Cash and non-cash benefits** Sandra Fynmore will be paid $100,000 per annum for her Consultancy Services and Centre Director Services. **Termination** At any time during the duration of Sandra Fynmore's contract, Mayfield Childcare or Sandra Fynmore may terminate her engagement by providing 30 days' notice in

Name	Position	Contract commencement date	Key employment terms
			writing or, in the case of termination by the Company, by making a payment in lieu of all or part of the notice period. The Company may terminate the contract at any time with immediate effect if Sandra Fynmore breaches a material term of the contract, in the reasonable opinion of the Company is guilty of fraud, dishonesty or other serious misconduct, ceases to be able to pay her debts or in the reasonable opinion of the Company, engages in conduct which may bring Mayfield Childcare into disrepute. **Post-engagement restraints** Sandra Fynmore will not be subject to any post-engagement restraints on termination of her contract. **Other provisions** The terms of Sandra Fynmore's engagement outlines that she may provide services of any kind to third parties providing that she does not supply services which in the Company's reasonable opinion would adversely affect her ability to supply her services to Mayfield Childcare or would conflict with Mayfield Childcare's best interests. The engagement contract also outlines strict confidentiality provisions, which prohibit Sandra Fynmore from disclosing confidential information belonging to Mayfield Childcare.

(ii) Non-Executive Director remuneration

Under the Constitution, subject to the ASX Listing Rules and the Corporations Act, the Directors as a whole (other than executive Directors) may be paid or remunerated for their services a total amount or value not exceeding $300,000 per annum or such other maximum amount fixed by Mayfield Childcare in general meeting. Total annual Non – Executive Directors' fees currently agreed to be paid by the Company are $80,000 per annum including superannuation, plus a further sum of $30,000 including superannuation for work performed in connection with the integration and refurbishment of the Mayfield Childcare Centres in November and December 2016 to the Chairman Peter Lowe.

The remuneration of Directors must not include a commission on, or a percentage of, profits or operating revenue. All Directors' fees are inclusive of statutory superannuation.

(iii) Interests in the acquisition of the Mayfield Childcare Centres

The table below summarises the acquisitions of the Mayfield Childcare Centres in which Directors, Management and related parties of the Company have an interest:

Mayfield Childcare Centre	Vendor (including details of related parties)
Little Learners Camberwell	D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust are selling the Mayfield Childcare Centre located in Camberwell to the Company for $5.3 million cash pursuant to an Acquisition Agreement. Dean Clarke and Michelle Clarke are Directors of Mayfield Childcare and beneficiaries of the D.W & M.R Clarke Family Trust.
Sutherlands Child Care & Kindergarten, Diamond Creek	Sandra Fynmore is a director, company secretary and shareholder of Britmore Pty Ltd ACN 605 974 258 (**Britmore**). Britmore, in its capacity as trustee for the Bendra Unit Trust, is the Vendor of the Mayfield Childcare Centre

Mayfield Childcare Centre	Vendor (including details of related parties)
	located at Diamond Creek (**Diamond Creek MCC**). Sandra Fynmore is a beneficiary of the Bendra Unit Trust. The Acquisition Agreement in respect of the Diamond Creek MCC contains an earn-out clause whereby the purchase price to be paid by the Company for the Diamond Creek MCC is calculated as being $1.5 million on Listing plus 5.5 multiplied by the final CY17 EBIT for the Diamond Creek MCC less the initial purchase price of $1.5 million.

(iv) Other interests

Name	Other interest
Dean Clarke and Michelle Clarke	Michelle Clarke is the sole director of a trustee company which owns and operates a Childcare Centre (which is not a Mayfield Childcare Centre) in Cranbourne, Victoria. Further, Dean Clarke and Michelle Clarke are the directors and Michelle Clarke is the secretary of a trustee company which owns and operates a Childcare Centre (which is not a Mayfield Childcare Centre) in St Kilda, Victoria. The beneficiaries of the respective trusts include Michelle Clarke and Dean Clarke. Each of Michelle Clarke and Dean Clarke have given notice to Mayfield Childcare and the other Directors of their interest in the relevant trustee companies, trusts and Childcare Centres in Cranbourne and St Kilda, Victoria (as applicable). Mayfield Childcare does not believe that, in the ordinary course, there will be any actual or potential conflict of interest or duty in respect of Michelle Clarke and Dean Clarke's duties to the Company and its Shareholders and their interest in the relevant trustee companies, trusts and Childcare Centres in Cranbourne and St Kilda (as applicable). If a conflict of interest or duty arises which amounts to a material personal interest, Michelle Clarke and/or Dean Clarke (as applicable) will be excluded from the deliberations and voting process for that matter unless the other Directors determine the contrary.

(v) Shareholdings of Directors

The shareholdings of the Directors on Completion of the Offer is expected to be as follows:

Name	Number of Shares held directly or indirectly on Completion of the Offer
Peter Lowe Company Lowego Pty Ltd as trustee for the Lowegistics Investment Trust	200,000
Dean Clarke and Michelle Clarke D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust; and/or D & M Clarke Pty Ltd as trustee for the Clarke Family Superannuation Fund	600,000[1]

[1] 100,000 of the Shares held by Riversdale Road Shareholding Company Pty Ltd are held on trust for D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust.

The number of Shares in the above table assumes that the relevant Directors do not apply for additional Shares under the Offer. However, the Company understands that Dean and Michelle Clarke, using their entities D & M Clarke Pty Ltd as trustee for the Clarke Family Superannuation Fund and/or D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust, intend to apply for at least 250,000 Shares under the General Priority Offer. The Company's intention is to accept that Application in full. The Company further understands that D & M Clarke Pty Ltd as trustee for the Clarke Family Superannuation Fund and D.W & M.R Clarke Pty Ltd as trustee for the D.W & M.R Clarke Family Trust will be associates for the purposes of the Corporations Act in respect of their relevant interests in the Shares of Mayfield Childcare.

(vi) Deeds of indemnity, access and insurance with the Directors

The Company has entered into deeds of indemnity, access and insurance with each Director and the company secretary of Mayfield Childcare which contain rights of access to certain books and records of the Company for a period of seven years after the Director/company secretary ceases to hold office. This seven year period may be extended where certain proceedings or investigations commence before the seven year period expires.

Under the Constitution, the Company is required to indemnify all Directors and officers, past and present, against certain liabilities. The indemnity provided for under the deed of indemnity, access and insurance, operates from the date of appointment as a Director or officer of the Company until the seventh anniversary of that Director or officer's retirement date. Subject to the terms of a Director or officer's liability insurance policy, the Company indemnifies each Director and officer against all liabilities incurred by that Director or officer in or arising out of the discharge of that Director or officer's duties (as a director or officer of the Company) and any and all reasonable legal costs which relate to any such liability, in each case to the maximum extent permitted by law (including certain statutory restrictions), the Constitution and excluding any liabilities that are subject to a third party indemnity or insurance policy. If a Director or officer of the Company is entitled to be indemnified under the deed of indemnity, access and insurance, the Company will pay the relevant amount to discharge the liability or legal cost. Under the terms of the deed, the Company will not indemnify a Director or officer of the Company in circumstances where to do so would involve the Company or any of its subsidiaries being in breach of any law.

Under the Constitution, the Company may arrange and maintain Directors' and officers' insurance for its Directors and officers to the extent permitted by law. Under the deed of indemnity, access and insurance, the Company must, for each Director or officer, maintain or procure the maintenance of insurance for the Director or officer's period of office and for a period of seven years after the Director or officer ceases to hold office.

The deed allows for the Company in certain cases to make advance payments to an indemnified party for an amount owing in respect of a loss covered by the deed.

6.4 Corporate governance

This Section 6.4 explains how the Board will oversee the management of the Company's business. The Board is responsible for the overall corporate governance of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company and considering and approving an annual business plan, including a budget. The Board is committed to maximising performance, generating financial returns and greater value for Shareholders, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company, and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The main policies and practices adopted by the Company, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. The

Company's code of conduct outlines how the Company expects Directors and other personnel to behave and conduct business in a range of circumstances. In particular, the code specifies standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors, management and employees and requires awareness of, and compliance with, laws and regulations relevant to the Company's operations as well as other policies that Directors and employees are required to comply with, including occupational health and safety, privacy and fair dealing and conflict of interest. Details of the Company's key policies and practices and the charters for the Board and each of its committees will be available at www.mayfieldchildcare.com.au.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its Corporate Governance Principles and Recommendations for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The third edition of the ASX Recommendations takes effect for a listed entity's first full financial year commencing on or after 1 July 2014. The ASX Recommendations are not prescriptive, but guidelines. However, under the Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. The Board does not expect that it will depart from the ASX Recommendations. However, it may do so in the future if it considers that such departure would be reasonable.

(a) Board of Directors

The Board of Directors comprises 1 independent Non-Executive Director (being the Chairman) and 2 Executive Directors being the CEO and Quality Improvement Consultant.

Detailed biographies of the Board members are provided in Section 6.1.

The Board considers an Independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Board charter sets out guidelines and thresholds of materiality for the purpose of determining the independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that Peter Lowe is an Independent Director for the purpose of the ASX Recommendations, being free from any interest, position, association or relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Having regard to the definition and indications of independence in the ASX Recommendations, neither Dean Clarke or Michelle Clarke is considered to be an Independent Director.

Section 6.4(d) sets out further detail regarding the Board's composition and associated compliance with the ASX Recommendations.

(b) Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities.

At Listing, the Board has established the Audit and Risk Committee.

Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements and the skills and experience of individual Directors.

Audit and Risk Committee

This committee currently consists of Peter Lowe and Michelle Clarke, with Peter Lowe acting as Chair of the committee.

The Audit and Risk Committee has been established to assist the Board in executing audit, financial reporting, accounting and risk management responsibilities by:

- promoting a culture of compliance;
- providing a forum for communication between the Board and Management in relation to audit and compliance matters affecting Mayfield Childcare; and
- reviewing and commenting on Management's plans for managing the material financial and reporting risks faced by Mayfield Childcare.

(c) Governance policies

The following table sets out the governance policies of the Board or a committee of the Board (as appropriate).

Policy	Description
Diversity policy	The Company has not followed ASX Recommendation 1.5 and has not adopted a formal diversity policy. The Board supports the ASX Recommendations with respect to gender diversity and diversity more broadly, but considers that, given the size of the Company, the profile of the current Board and the limited number of employees, it is inappropriate at this present time to adopt a formal diversity policy. In the future, as the Company increases in activity and size, it will assess all staff and Board appointments on merit with consideration of diversity as an important element in the decision making. As a consequence, the Board is committed to establishing measurable objectives for achieving gender diversity (as well as broader forms of diversity to include matters of age, race, disability, religious or cultural background and sexual orientation) when the Company has grown to a point where it is appropriate to do so.
Continuous disclosure policy	Once Listed, the Company will be required to comply with the requirements of the Listing Rules and the Corporations Act. Subject to the exception contained in the Listing Rules, the Company will be required to disclose to the ASX 'price-sensitive information' to the market. Price-sensitive information is information that a reasonable person would expect to have a material effect on the price or value of Company Shares. The Company is committed to observing its disclosure obligations under the Listing Rules and the Corporations Act. The Company has adopted a policy to take effect from Listing which establishes procedures which are aimed at ensuring that Directors and the Company's management are aware of and fulfilling their obligations in relation to the timely disclosure of material price-sensitive information. Under the disclosure policy, the Board or the 'Disclosure Committee' (comprised of the Company's CEO, CFO and company secretary) will be responsible for managing the Company's compliance with its continuous disclosure obligations. Continuous disclosure announcements will also be made available on the Company's website, www.mayfieldchildcare.com.au.
Securities trading policy	The Company has adopted a securities trading policy which will apply to the Company and its Directors, officers, employees and the Company's management, including those persons having authority and responsibility, whether direct or not, for the planning, direction and control of the Company's activities. The policy is intended to explain the prohibited type of conduct in relation to dealings in securities under the Corporations Act and to establish procedures in relation to dealings in securities by Directors, the Company's management or employees. The policy defines certain closed periods during which trading in securities by the Company's Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly (and any associates of those people) is prohibited. The closed periods are currently defined as: ▪ the period commencing one month prior to the release of the Company's half-yearly results to ASX and ending 24 hours after such release; ▪ the period commencing one month prior to the release of the Company's full year results to ASX and ending 24 hours after such release; ▪ the period commencing two weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting; and

Policy	Description
	▪ any additional periods determined by the Board from time to time. During closed periods, unless certain exceptions (set out in the policy) apply, Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly, must receive clearance for any proposed dealing in securities, which will only be provided in exceptional circumstances. In all instances, buying or selling of Securities is not permitted at any time by any person who possesses price-sensitive information.
Communications with shareholders policy	The Company has adopted the shareholder communication policy to promote effective communication with Shareholders and encourage effective participation at general meetings of the Company. The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and to inform Shareholders of major developments affecting the state of affairs of the Company in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with the ASX and publishing information on the Company's website, www.mayfieldchildcare.com.au. In particular, the Company's website will contain information about it, including media releases, key policies and the terms of reference of its Board committees. Announcements made by the Company to the ASX are, subject to applicable securities laws, available to Shareholders: ▪ on the 'Investor Relations' Section of the Company's website; ▪ under the 'Company Announcements' Section of the ASX website; and ▪ by email notification (when Shareholders provide the Company with their email address and elect to be notified of all the Company's ASX announcements).
Fraud and corruption policy	The Company has adopted a fraud and corruption policy for the purposes of establishing policies, control and procedures for prevention and detection of fraudulent and corrupt activities. The policy requires all officers, employees (including Directors, executive and managers) and contractors at all times to act honestly and with integrity, and to safeguard the Company resources for which they are responsible. The policy establishes protocols for the investigation and reporting of suspected fraud or corrupt activity, and allocates areas of responsibility for fraud and corruption control to various people and teams within the Company, as appropriate.
Code of conduct	The Code of Conduct for Directors and senior executives addresses matters relevant to the Company's legal and ethical obligations to its stakeholders. The purpose of the code is to: ▪ articulate the high standards of honest integrity, ethical and law-abiding behaviour expected of Directors and other senior executives; ▪ encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors); ▪ guide Directors and other senior executives as to the practices thought necessary to maintain confidence in the Company's integrity; and ▪ set out the responsibility and accountability of Directors and other senior executives to report and investigate any reported violations of this code or unethical or unlawful behaviour.
Board charter	The Board believes that corporate governance is essential to improving Mayfield Childcare's performance, generating returns for investors and promoting investor confidence. As a result, the Board has created a written charter, which outlines some of the following aspects: ▪ the composition of the Board; ▪ the role and responsibility of the Board; ▪ the authority delegated by the Board to committees and management; and ▪ the interactions and relationship between Management and the Board.

Policy	Description
	The role of the Board includes, among others, to: ▪ oversee the Company, including providing leadership and setting its strategic objectives; ▪ oversee the nomination and appointment, and monitor the performance, of Management; ▪ approve succession plans for Management; ▪ approve budgets; ▪ review the performance, compliance and operations reports provided by the CFO and CEO; ▪ approving and monitoring systems of risk management, accountability, internal compliance and control, and legal compliance to ensure that appropriate compliance frameworks and controls are in place; ▪ approve and monitor capital expenditure, capital management, acquisitions and divestures; and ▪ approve, and monitor corporate, financial position and other reporting systems including external audit and overseeing their integrity. The Board will have specific power in relation to: ▪ appointment of the Chairman; ▪ appointment of the Director or Directors to fill vacancies; ▪ appointment and removal of the CEO; ▪ approval of dividends; ▪ creating Board Committees, their authority and memberships; ▪ approval of major capital expenditure. acquisitions and divestures in excess of the authority levels delegated to Management; ▪ calling of meetings of Shareholders or Directors ▪ review of corporate codes of conduct; and ▪ any other specific matter nominated by the Board periodically. Management functions are undertaken and supervised by the CEO as directed by the Board. Directors have access to any information that they consider necessary to fulfil their responsibilities and to exercise independent judgment when making decisions, and access to Management and auditors to seek explanations and information from them. Directors and the Board are entitled to seek independent professional advice at Mayfield Childcare's expense subject to the approval from the Chairman of the Board, with access to that information provided to the whole Board. The Company has decided not to establish a nomination and remuneration committee on the basis that, given the size of the Company, the profile and size of the current Board and the limited number of employees, it is inappropriate at this present time to establish a nomination and remuneration committee. The Board will establish an audit and risk committee to, among other responsibilities, oversee the establishment and implementation of risk management and internal compliance and control systems.
Risk management policy	The identification and proper management of the Company's risks are an important priority of the Board. The Company has adopted a risk management policy appropriate for its business. This policy highlights the Company's commitment to designing and implementing systems and methods appropriate to minimise and control its risks. The Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are to be developed, maintained and implemented by Management. The active identification of risks and implementation of mitigation measures is also the responsibility of Management. To assist the Board in discharging these obligations, the Board has delegated certain functions to the Audit and Risk Committee. The responsibilities of the Audit and Risk Committee include overseeing the establishment and implementation of risk management and internal compliance and control systems and reviewing the Company's financial risk management procedures to ensure that it complies with its legal obligations, including assisting the CEO and the CFO to provide declarations required under section 295A of the Corporations Act.

Policy	Description
	The Company has in place a system whereby Management must report at each Board meeting as to the extent to which the current risk management program effectively identifies all areas of potential risk, and adequate policies and procedures have been implemented to manage identified risks (among other issues).
Remuneration policy	The Company has adopted a remuneration policy to be adhered to by the Board. The remuneration policy addresses remuneration packages for both Executive Directors and Management and Non-Executive Directors, and provides that the Board must, in relation to remuneration, have regard to: ▪ motivating the Directors and Management to pursue the Company's long-term growth and success; ▪ demonstrating a clear relationship between the Company's overall performance and the performance of individuals; and ▪ compliance with all relevant legal and regulatory provisions.

(d) ASX Recommendations

Condition 13 of ASX Listing Rule 1.1 provides that the Company must provide a statement disclosing the extent to which it will follow, as at the date of its admission to the Official List of ASX, the ASX Recommendations. If the Company does not intend to follow all the ASX Recommendations on its admission to the Official List of ASX, the Company must identify those recommendations that will not be followed and give reasons for not following them.

The Board believes the Company complies with the ASX Recommendations, except in respect of:

- Recommendation 2.4 (which recommends that a majority of the Board should be independent directors); and
- the Recommendations made under Principles 2, 4 and 8 relating to the structure and composition of the Board's Audit & Risk Committee.

In each case, the Principles recommend the committees be chaired by an independent director (who is not the Chairman of the Board) and comprise of at least three members, a majority of whom are independent directors.

The size and the current composition of the Company's Board preclude the Company from complying with Principles 2, 4 and 8 relating to the structure and composition of the Board's governance committees.

The Board considers that any perceived independence-related concerns regarding the position of Dean Clarke as CEO and Michelle Clarke as a non-independent Director are to a large extent, countered by the presence of Peter Lowe as Chairman, who has wide business and management experience and expertise and is familiar with requirements and expectations of listed companies, particularly in respect of corporate governance. These concerns can also be addressed by the appointment of an additional non-executive Director to the Board in the future, if and when such an appointment is made. The Company is in the early stages of considering such an appointment, and possible candidates have not been finalised and no formal decision in relation to such an appointment has been made as at the Prospectus Date.

Section 7 – Financial Information

Section 7 – Financial Information

The financial information for Mayfield Childcare contained in this Section 7 comprises of the following:

- Statutory historical financial information, being the:
    - Statutory historical balance sheet as at 30 June 2016 (**Statutory Historical Balance Sheet**),

  (the **Statutory Historical Financial Information**).
- Pro forma historical financial information, being the:
    - Pro Forma historical income statement for the years ended 30 June 2015 (FY2015) and 2016 (FY2016) (collectively **Pro Forma Historical Results**); and
    - Pro Forma historical balance sheet as at 30 June 2016 (**Pro Forma Historical Balance Sheet**),

  (the **Historical Financial Information**).
- Forecast financial information, being the:
    - Statutory forecast income statement for the period 1 July 2016 to 31 December 2016 (HY2016)[55] and year ended 31 December 2017 (CY2017) (**Statutory Forecast Results**);
    - Pro Forma forecast income statement for the period 1 July 2016 to 31 December 2016 (HY2016)[55] and year ended 31 December 2017 (CY2017) (**Pro Forma Forecast Results**);
    - Statutory forecast net cash flows for December 2016 (PE2016) and year ended 31 December 2017 (CY2017) (**Statutory Forecast Cash Flows**);and
    - Pro Forma forecast net cash flows for December 2016 (PE2016) and year ended 31 December 2017 (CY2017) (**Pro Forma Forecast Cash Flows**),

  (together, the **Forecast Financial Information**).

The Historical Financial Information and the Forecast Financial Information together comprise the Financial Information.

The Forecast Financial Information contained within this Prospectus represents a best estimate of the future performance of Mayfield Childcare and the Mayfield Childcare Centres based on the information available to the Company at the Prospectus Date.

As part of its pre-acquisition due diligence, Mayfield Childcare considered the historical data received from the Vendors, and their treatment in each Vendor's records and accounts, to be varied and inconsistent. For example, some of the accounts had not been audited or subject to review and accordingly did not comply with the Australian Accounting Standards. The Directors believe that effective disclosure of the Company's financial position is provided by the aggregation of the historical income statements for the Mayfield Childcare Centres, normalised to adjust for any non-arm's length transactions identified for the full years ended 30 June 2015 and 30 June 2016.

Accordingly, the Directors do not consider it appropriate to include audited financial information for at least the 3 (or 2 and a half) most recent financial years of the Company and instead has included in this Prospectus the Financial Information in this Section 7, together with the Investigating Accountant's Report in Section 8.

Investors should note that the Forecast Financial Information may be subject to uncertainty, including those which are beyond the control of Mayfield Childcare, its Board and management. Therefore, the

[55] Presented as two separate periods, being the period from 1 July 2016 to 30 November 2016 (Pre Comp) and the period from 1 December 2016 (expected date of listing) to 31 December 2016 (PE2016)

actual results may vary from the forecasted financial outcomes set out in the Forecast Financial Information.

The Financial Information has been reviewed and reported upon by the Investigating Accountant, whose Investigating Accountant's Report is set out in Section 8. Investors should note the scope and limitations of that report.

Also summarised in this Section 7 are:

- the basis of preparation and presentation of the Financial Information (refer to Section 7.1);
- a summary of indebtedness before and after the Offer (refer to Section 7.3(b));
- the Directors' best estimate general and specific assumptions underlying the Forecast Financial Information (refer to Section 7.5);
- management discussion and analysis of the Pro Forma Forecast Financial Information (refer to Section 7.5);
- an analysis of the sensitivity of the Forecast Financial Information to changes in key assumptions (refer to Section 7.5(d)); and
- a summary of the Company's dividend policy (refer to Section 7.5(e)).

All amounts disclosed in this Section 7 are presented in Australian Dollars.

7.1 Basis of preparation of the Financial Information

(a) Overview

The Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations) and the significant accounting policies adopted by Mayfield Childcare. Compliance with Australian Accounting Standards ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards (**IFRS**) as adopted by the International Accounting Standards Board (**IASB**).

The Prospectus includes the Forecast Financial Information based upon the best estimate assumptions of the Directors. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information unless stated otherwise.

The Financial Information is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

The information in this Section 7 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

(b) Preparation of the Historical Financial Information

The Statutory Historical Financial Information is based solely on the incorporation of the Company on 25 March 2015.

The Historical Financial Information has been prepared solely for inclusion in this Prospectus. The Pro Forma Historical Results have been extracted from the unaudited management accounts of the 16 Mayfield Childcare Centres.

The Pro Forma Historical Results for FY2015 and FY2016 include full year trading results for 15 Mayfield Childcare Centres, as if they were acquired on 1 July 2014. There were 4 Mayfield Childcare Centres that did not have complete historical financial information for the FY2015 and FY2016 periods as these were acquired by the vendors between 1 July 2014 and 30 June 2016. In order to ensure the Pro Forma Historical Results are comparable with the Forecast Financial Information, the available trading results for these 4 Mayfield Childcare Centres were annualised and included in the Pro Forma Historical

Results for FY2015 and FY2016. One Mayfield Childcare Centre commenced trading during FY2016 and its results are only included for the period between the date of commencement of trading and 30 June 2016.

The Pro Forma Historical Results have been adjusted to reflect Mayfield Childcare's structure following Completion of the Offer. The Pro Forma Historical Results have also been normalised to remove the impact of one-off, non-recurring and non-business related expenses identified.

The Pro Forma Historical Results have been prepared based upon a financial year ended 30 June. Mayfield Childcare has made an application to the Australian Taxation Office to have its financial year changed to 31 December.

The Historical Financial Information presented in the Prospectus has been reviewed by DMR Corporate but has not been audited.

Investors should note that past results are not a guarantee of future performance. Investors should note the limitations of the Investigating Accountant's Report in Section 8.

(c) Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus.

The Forecast Financial Information is presented on both a pro forma and statutory basis.

The PE2016 and CY2017 Pro Forma Forecast Results and the Pro Forma Forecast Cash Flows have been derived from the Statutory Forecast Results and the Statutory Forecast Cash Flows respectively, after adjusting for pro forma transactions and other adjustments to reflect Mayfield Childcare's operations following Completion and to eliminate one-off, non-recurring items. Both the PE2016 and CY2017 Statutory Forecast Results and the Statutory Forecast Cash Flows reflect the Directors' best estimate forecasts for the period from 1 December 2016 to 31 December 2016 and year ending 31 December 2017. These periods have been adopted in the Forecast Financial Information to reflect the expected period post listing and Mayfield Childcare's change in financial year to 31 December.

The Forecast Financial Information has been prepared by the Company based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions as set out in Section 7.5. The Directors believe the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus.

Presentation of the best estimate assumptions is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information presented in the Prospectus has been reviewed by DMR Corporate but has not been audited. Investors should note the limitations of the Investigating Accountant's Report in Section 8.

The Forecast Financial Information is not fact and investors are cautioned not to place undue reliance on it. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on the Company's actual financial performance, cash flows or financial position. Investors are advised to review the Forecast Financial Information and best estimate assumptions set out in Section 7.5, in conjunction with the sensitivity analysis set out in Section 7.5(d) the risk factors set out in Section 5 and other information set out in this Prospectus.

Mayfield Childcare has no intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

(d) Non IFRS financial measures

Investors should be aware that certain financial data included in this Section 7 is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of Mayfield Childcare. As non-IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which Mayfield Childcare calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial information and ratios.

In particular the following non-IFRS financial measures are included:

- EBITDA: earnings before interest, tax, depreciation and amortisation;
- EBIT: earnings before interest and tax; and
- EBITA: earnings before interest, tax and amortisation.

7.2 Historical and Forecast Income Statements

(a) Pro Forma Historical Results, Statutory and Pro Forma Forecast Results

Table 1 presents the Pro Forma Historical Results and Pro Forma Forecast Results.

Table 1: Pro Forma Historical Results and Pro Forma Forecast Results

	Notes	Pro Forma Historical Results(1)		Pro Forma Forecast Results(2)			
		FY2015	FY2016	Pre Comp 1/7/16-30/11/16	PE 2016 1/12/16-31/12/16	HY 2016 1/7/16-31/12/16	CY2017 1/1/17-31/12/17
		$	$	$	$	$	$
Revenue from continuing operations	3	**22,252**	**22,652**	**12,312**	**2,033**	**14,345**	**28,962**
Employee benefits expense	4	(13,539)	(14,416)	(6,882)	(1,136)	(8,018)	(15,479)
Rent expense	5	(2,096)	(2,219)	(1,091)	(180)	(1,271)	(2,585)
Other expenses	6	(2,904)	(2,943)	(1,502)	(248)	(1,750)	(3,519)
EBITDA from continuing operations		**3,712**	**3,074**	**2,838**	**469**	**3,307**	**7,379**
Administration & public company costs	7	(1,713)	(1,767)	(861)	(142)	(1,003)	(1,811)
EBITDA		**1,999**	**1,307**	**1,977**	**326**	**2,304**	**5,568**
Depreciation		(100)	(107)	(82)	(14)	(95)	(202)
EBITA		1,898	1,200	1,895	313	2,208	5,366
Amortisation		(1)	-	-	-	-	-
EBIT		1,897	1,200	1,895	313	2,208	5,366
Net interest		(34)	(40)	(46)	(8)	(54)	(324)
Profit/(loss) before tax		1,863	1,160	1,849	305	2,154	5,042
Tax (expense)/benefit		(559)	(348)	(555)	(92)	(646)	(1,513)
NPAT		**1,304**	**812**	**1,294**	**214**	**1,508**	**3,530**

Notes

1. The Pro Forma Historical Results have been derived to include the trading results of all Mayfield Childcare Centres on the basis described in Section 7.1(b). The Pro Forma Historical Results have been adjusted to reflect Mayfield Childcare's structure following Completion of the Offer. The Pro Forma Historical Results have also been normalised to remove the impact of one-off, non-recurring and non-business related expenses.
2. The Pro Forma Forecast results are reconciled to the Statutory Forecast results in Table 3 and Table 4.
3. Revenue from continuing operations includes fee income, enrolment fees, government subsidies and expense recoveries.
4. Employee benefits expenses includes salaries and wages and related on-costs.
5. Rent expense includes lease expenses for each Mayfield Childcare Centre.
6. Other expenses include consumables, professional services, advertising, marketing, insurance, maintenance, IT costs and other occupancy expenses.
7. Administration and public company costs include director fees, head office costs (i.e. employee and occupancy expenses) and the compliance and regulatory costs of a public company. Administration and public company costs have been included in the Pro Forma Historical Results in order to make them comparable with Forecast Results.

Table 2: Statutory Forecast Results

AUD $000's	Notes	Statutory Forecast Results(1)			
		Pre Comp 1/7/16-30/11/16 $	PE 2016 1/12/16-31/12/16 $	HY 2016 1/7/16-31/12/16 $	CY2017 1/1/17-31/12/17 $
Revenue from continuing operations	2	**12,312**	**2,033**	**14,345**	**28,962**
Employee benefits expense	3	(6,882)	(1,136)	(8,018)	(15,479)
Rent expense	4	(1,091)	(180)	(1,271)	(2,585)
Other expenses	5	(1,502)	(248)	(1,750)	(3,519)
EBITDA from continuing operations		**2,838**	**469**	**3,307**	**7,379**
Administration & public company costs	6	(861)	(142)	(1,003)	(1,811)
Transaction costs	7	-	(1,510)	(1,510)	(30)
Integration and centre refresh expenses	8	-	(263)	(263)	(25)
EBITDA		**1,977**	**(1,447)**	**531**	**5,513**
Depreciation		(82)	(14)	(95)	(202)
EBITA		1,895	(1,460)	435	5,311
Amortisation		-	-	-	-
EBIT		1,895	(1,460)	435	5,311
Net interest		(46)	(8)	(54)	(324)
Profit/(loss) before tax		1,849	(1,468)	381	4,987
Tax (expense)/benefit		(495)	(82)	(576)	(1,505)
NPAT		**1,354**	**(1,549)**	**(195)**	**3,482**

Notes

1. The Pro Forma Forecast results are reconciled to the Statutory Forecast results in Table 3 and Table 4.
2. Revenue from continuing operations includes fee income, enrolment fees, government subsidies and expense recoveries.
3. Employee benefits expenses includes salaries and wages and related on-costs.
4. Rent expense includes lease expenses for each Mayfield Childcare Centre.
5. Other expenses include consumables, professional services, advertising, marketing, insurance, maintenance, IT costs and other occupancy expenses.
6. Administration and public company costs include director fees, head office costs (i.e. employee and occupancy expenses) and the compliance and regulatory costs of a public company. Administration and public company costs have been included in the Pro Forma Historical Results in order to make them comparable with Forecast Results.
7. Transaction costs include acquisition costs relating to the purchase of 16 Mayfield Childcare Centres, bank loan establishment costs and costs associated with the Offer.
8. Integration and centre refresh expenses are based on management's assessment of the level of refurbishment required on acquisition of the Mayfield Childcare Centres.

(b) Pro Forma adjustments to the Statutory Forecast Results

Set out below in Table 3 are the pro forma adjustments to the statutory forecast EBITDA to allow for the impact of the changes to operations and the capital structure that will be in place following Completion of the Offer.

Table 3: Reconciliation of the statutory forecast EBITDA to pro forma forecast EBITDA

AUD $000's	Notes	Forecast Results PE2016 1/12/16-31/12/16 $	Forecast Results CY2017 1/1/17-31/12/17 $
Statutory EBITDA		**(1,447)**	**5,513**
Integration and centre refresh expenses		263	25
Transaction Costs	1	1,510	30
Pro Forma EBITDA		**326**	**5,568**

Notes

1. Forecast Results for PE2016 include $1,174,300 of costs in relation to the acquisition of 16 Mayfield Childcare Centres, initial public offering transaction costs of $261,848 and a borrowing expense of $5,000. Total expenses of the Offer are estimated to be $2,419,490, of which $2,157,642 are directly attributable to the issue of new Shares by Mayfield Childcare and will be offset against equity raised in the Offer. The remaining $261,848 is expensed in the Statutory Forecast Income Statement.

Table 4: Reconciliation of the statutory forecast NPAT to pro forma forecast NPAT

AUD $000's	Notes	Forecast Results PE2016 1/12/16-31/12/16 $	Forecast Results CY2017 1/1/17-31/12/17 $
Statutory NPAT		**(1,549)**	**3,482**
Integration and centre refresh expenses		263	25
Transaction Costs	1	1,510	30
Income tax effect	2	(10)	(7)
Pro Forma NPAT		**214**	**3,530**

Notes

1. Forecast Results for PE2016 include $1,174,300 of costs in relation to the acquisition of the 16 Mayfield Childcare Centres and initial public offering transaction costs of $261,848. Total expenses of the Offer are estimated to be $2,419,490, of which $2,157,642 ($1,510,349 after tax) are directly attributable to the issue of new Shares by Mayfield Childcare and will be offset against equity raised in the Offer. The remaining $261,848 ($183,294 after tax) is expensed in the Statutory Forecast Income Statement.
2. Income tax effect represents the income tax effect of the pro forma adjustments for integration and centre refresh expenses, applying an effective tax rate of 30%.

(c) Normalisation Adjustments

Set out below in Table 5 is a reconciliation of the Pro Forma Historical Results as presented in Table 1 with the aggregated unadjusted results reported by the 16 individual entities that operated the 16 Mayfield Childcare Centres during FY2015 and FY2016.

Table 5: Reconciliation of the Pro Forma Historical Results with the underlying financial information

AUD $000's	Notes	FY2015 $	FY2016 $
NPAT - Pro Forma Historical Results - Table 1		**1,304**	**812**
Add/(Subtract): Normalisations and Adjustments			
Revenue from continuing operations	1	654	62
Employee benefits expense	2	323	314
Rent expense	3	107	54
Other expenses	4	(196)	(293)
Admin & public company costs	5	1,713	1,767
Tax expense/(benefit)	6	563	348
NPAT - Aggregated		**4,468**	**3,064**

Notes

1. Normalisations remove trust distributions, insurance proceeds, FBT employee contributions and adjustments remove material variances between revenue net of GST as per the lodged business activity statements (BAS) and revenue recorded in the financial statements.
2. Adjustment to payroll tax as if the childcare centres were grouped for payroll tax purposes thereby removing the effect of claiming the payroll tax threshold at the individual centre level, adjustment to WorkCover expense to the applicable industry rate, removal of training centre wages and adjustment for material variances between wages declared per the business activity statements (BAS) and wages recorded in the financial statements.
3. Normalisations adjust rental to an arm's length level and/or to the level of the current lease agreements.
4. Normalisations adjust for management fees, motor vehicle expenses, travel & entertainment expenses, gifts & donations, fines & penalties, suspense expenses, asset write-offs, late fees, accounting fees, repairs & maintenance expenses, service fees, borrowing costs, director fees, recruitment expenses, accommodation & conference expenses and bad debt expenses.
5. Inclusion of head office costs and other costs of operating a listed company.
6. Normalisations remove the effect of different business structures whereby child care centres were operated in a trust structure. The normalisation to the historical financial information is to recognise the tax expense that would be applicable if all child care centres were operated in a company structure.

(d) Pro Forma Historical Balance Sheet

Table 6 sets out the Statutory Historical Balance Sheet for Mayfield Childcare as at 30 June 2016 and pro forma adjustments that have been made in order to prepare the Pro Forma Historical Balance Sheet. The pro forma adjustments reflect the impact of the Offer, the acquisition of the Mayfield Childcare Centres and the capital structure that will be in place following Completion.

Table 6: Pro Forma Historical Balance Sheet

AUD $000's	Note	Statutory Historical Balance Sheet	Impact of Offer	Impact of Pro Forma Events	Pro Forma Historical Balance Sheet
		$	$	$	$
Assets					
Current					
Cash and cash equivalents	1		21,581	(20,754)	826
Current tax assets	3		168	24	192
Total Current Assets		**-**	**21,749**	**(20,730)**	**1,018**
Non-Current					
Property, plant and equipment				1,073	1,073
Deferred tax assets	3		581	86	667
Goodwill	2			27,214	27,214
Total Non-Current Assets		**-**	**581**	**28,372**	**28,953**
Total Assets		**-**	**22,329**	**7,642**	**29,971**
Liabilities					
Current					
Employee benefits				77	77
Total Current Liabilities		**-**	**-**	**77**	**77**
Non-Current					
Employee benefits				199	199
Other Non-Current Liabilities				520	520
Borrowings				8,000	8,000
Total Non-Current Liabilities		**-**	**-**	**8,719**	**8,719**
Total Liabilities		**-**	**-**	**8,796**	**8,796**
Net Assets		**-**	**22,329**	**(1,154)**	**21,175**
Equity					
Share capital	4		22,490		22,490
Retained earnings	5		(160)	(1,154)	(1,315)
Total Equity		**-**	**22,329**	**(1,154)**	**21,175**

The pro forma adjustments made to the balance sheet of Mayfield Childcare as at 30 June 2016 reflect the events and assumptions noted in the table below that will be in place following Completion of the Offer as if they had occurred or were in place as at 30 June 2016.

The Impact of Pro Forma Events relates to the acquisition of 16 Mayfield Childcare Centres and obtaining the required bank funding. The Impact of Offer relates to receipts and payments associated with the listing.

The post-Offer Pro Forma Historical Balance Sheet is provided for illustrative purposes only and is not represented as being necessarily indicative of Mayfield Childcare's view of its future financial position.

Notes

1. Cash and cash equivalents reflects the net impact of the acquisitions, Offer and payment of transaction costs as follows:

AUD $000's	30-Jun-16 $
Cash and cash equivalents at 30 June 2016	-
Pro Forma transactions:	
Proceeds from issue of new shares under the Offer	24,000
Debt funding received	8,000
Payment of costs associated with the Offer	(2,419)
Purchase Price and costs associated with the acquisitions and debt funding	(28,754)
Pro Forma cash and cash equivalents	**826**

2. Goodwill associated with the acquisition of 16 Mayfield Childcare Centres.
3. This reflects deferred tax assets arising from the tax deductibility treatment of the acquisition of employee entitlements and transaction costs that are not immediately deductible.
4. Share capital is detailed as follows:

AUD $000's	
	30-Jun-16
	$
Share capital as at 30 June 2016	-
Pro Forma transactions:	
Issue of shares under the Offer	24,000
Costs directly associated with the issue of shares under the Offer	(1,510)
Pro Forma share capital	**22,490**

5. Retained earnings is detailed as follows:

AUD $000's	
	30-Jun-16
	$
Retained earnings as at 30 June 2016	-
Pro Forma transactions:	
Cost associated with the Offer	(183)
Costs associated with the acquisitions and debt funding	(1,131)
Pro Forma retained earnings	**(1,315)**

7.3 Capitalisation and indebtedness

(a) Sources and uses of Offer funds

The table below presents the sources and uses of funds as a result of the Offer:

Table 7: Sources and uses of funds as a result of the Offer

AUD $000's	$
Sources of funds	
Opening cash	-
Funds as a result of the Offer	24,000
Debt funding	8,000
Total sources of funds	**32,000**
Uses of funds	
Payment of IPO transaction costs	2,419
Acquisition of Childcare centres	27,490
Integration and centre refresh costs	460
Costs associated with the acquisitions and debt funding	1,264
Working capital	366
Total uses of funds	**32,000**

(b) Indebtedness

The table below sets out the indebtedness of the Company on a Pro Forma Historical and Statutory Forecast basis.

Table 8: Pro Forma Historical and Statutory Forecast indebtedness

AUD $000's	Pro Forma Historical Balance Sheet $	Statutory Forecast Balance Sheet 31-Dec-16 $	Statutory Forecast Balance Sheet 31-Dec-17 $
Cash and cash equivalents	826	1,621	5,693
Drawn debt	(8,000)	(8,000)	(8,000)
Net Total Indebtedness	**(7,174)**	**(6,379)**	**(2,307)**

(c) Description of Banking Facilities

Mayfield Childcare has received credit approval for new banking facilities with Westpac Banking Corporation comprising:

Table 9: Banking Facilities

AUD $000's Facility	Size $	Forecast amount drawn at Completion $
Loan facility	8,000	8,000

The Bank Bill Business Loan of $8,000,000 has a proposed term of facility of three years. Interest is calculated in reference to the BBSY (Bank Bill Swap Bid Rate) plus a margin of 1.52%, payable monthly in arrears. Mayfield Childcare also pays a line fee of 0.75%.

The banking facility from Westpac Banking Corporation also includes a Performance Guarantee Facility of $650,000.

Subject to the finalisation of legal documentation, the facility described above will be in place as at Completion.

7.4 Statutory and Pro Forma Forecast Cash Flows

Table 10: Statutory and Pro Forma Forecast Cash Flows

AUD $000's	Note	Pro Forma Forecast Cash Flows PE2016 1/12/16-31/12/16 $	Pro Forma Forecast Cash Flows CY2017 1/1/17-31/12/17 $	Statutory Forecast Cash Flows PE2016 1/12/16-31/12/16 $	Statutory Forecast Cash Flows CY2017 1/1/17-31/12/17 $
Cash flows from operating activities					
Receipts from customers		2,321	28,962	2,321	28,962
Payments to suppliers and employees	1	(2,557)	(24,444)	(2,832)	(24,458)
Financing costs		(54)	(324)	(54)	(324)
Income tax paid		-	-	-	-
Net cash flows from operating activities		**(290)**	**4,194**	**(566)**	**4,179**
Cash flows from investing activities					
Payments for acquisitions		(27,490)	-	(27,490)	-
Payments for property, plant and equipment	1	(53)	-	(116)	(107)
Net cash flows from investing activities		**(27,543)**	**-**	**(27,606)**	**(107)**
Cash flows from financing activities					
Proceeds from issue of shares		24,000	-	24,000	-
Share issue costs		(2,118)	-	(2,118)	-
Proceeds from borrowings		7,910	-	7,910	-
Repayment of borrowings		-	-	-	-
Net cash flows from financing activities		**29,792**	**-**	**29,792**	**-**
Net cash flows		**1,960**	**4,194**	**1,621**	**4,073**

Notes

1. The Pro Forma adjustments relate to the removal of one-off payments associated with integration and centre refresh costs.

7.5 Management Discussion and Forecast Assumptions

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Mayfield Childcare has undertaken an analysis of historical performance and applied assumptions where appropriate.

However, actual results are likely to vary from those forecast and any variation may be materially positive or negative. The assumptions upon which the Forecast Financial Information is based are by their nature subject to significant uncertainties and contingencies, many of which are beyond the control of the Company, the Directors and management, and are not reliably predictable.

Accordingly, none of Mayfield Childcare, the Directors or any other person can give any assurance that the Forecast Financial Information or any prospective statement contained in this Prospectus will be achieved. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

In preparing the Forecast Financial Information, Mayfield Childcare has undertaken an analysis of the historical performance of the Mayfield Childcare Centres and applied assumptions in order to predict future performance for periods to 31 December 2017. The analysis of the Mayfield Childcare Centres' historical performance covered historical operational and financial information including, but not limited to, occupancy reports and management accounts for the years ended 30 June 2015 and 30 June 2016.

The assumptions set out below should be read in conjunction with the sensitivity analysis set out in Section 7.5(d), the risk factors set out in Section 5 and the Investigating Accountant's Report set out in Section 8.

(a) General assumptions

In preparing the Forecast Financial Information, the following general best estimate assumptions have been adopted in respect of the forecast period:

- No material change in the competitive operating environment in which Mayfield Childcare operates;
- No significant deviation from current market expectations of global economic conditions relevant to Mayfield Childcare;
- No material changes in any government legislation or regulation (including tax legislation), or government policy that have a material impact on the financial performance or cash flows, financial position, accounting policies, or licensing requirements of Mayfield Childcare, or its ability to earn income;
- No material changes in key personnel and Mayfield Childcare maintains its ability to recruit and retain the personnel required to support future growth;
- No significant interruptions are experienced in relation to technology, platform or data utilised by Mayfield Childcare;
- No material changes in applicable Australian Accounting Standards or other mandatory professional reporting requirements of the Corporations Act which have a material effect on Mayfield Childcare's financial performance, financial position, accounting policies, financial reporting or disclosure;
- No material industry disturbances, environmental costs, contingent liabilities or legal claims will arise or be settled to the detriment of Mayfield Childcare;
- No material acquisitions, divestments, restructuring or investments other than as set out in, or contemplated by, this Prospectus;
- No material changes to Mayfield Childcare's corporate or funding structure other than as set out in, or contemplated by, this Prospectus;
- No material disruptions to the continuity of operations of Mayfield Childcare nor other material changes in its business activities;
- No material amendment to or termination of any material agreement, contract or arrangement other than set out in, or contemplated by, this Prospectus;
- None of the key risks listed in Section 5 eventuates, or if they do, none of them have a material adverse impact on the operations of Mayfield Childcare;
- The Offer proceeds in accordance with the timetable set out in this Prospectus; and

- All 16 Mayfield Childcare Centres will be acquired from the Vendors in accordance with the terms of the Acquisition Agreements.

(b) Specific assumptions

The basis of the specific assumptions that have been used in the preparation of the Forecast Financial Information in respect of the forecast period is set out below.

The Forecast Financial Information is based on various best estimate assumptions, including those set out below. In preparing the Forecast Financial Information, Mayfield Childcare has undertaken an analysis of historical performance and applied assumptions, where appropriate, across the business.

The assumptions set out above and below should be read in conjunction with the sensitivity analysis, the risk factors, the Investigating Accountants Reports and other information in this Prospectus.

(i) Revenue

The Forecast Financial Information assumes revenue is generated from two main sources, being Childcare fees and government funding.

- Childcare fees:
  - The level of Childcare fees is dependent upon the following three fundamental drivers:
    - **Occupancy**:

      Management have forecast Average Weighted Occupancy rates on a 'centre by centre' basis, allocating them between Large Sized Mature Childcare Centres, Medium Sized Mature Childcare Centres, Small Sized Mature Childcare Centres and Trade Up Childcare Centres. The assumed Average Weighted Occupancy rates for each category are set out in Section 2.2 of the Prospectus.
    - **Number of childcare places:**

      Average daily licensed places are forecast to be consistent with current daily licensed places. No changes in Mayfield Childcare Centre capacity are assumed in the forecasts.
    - **Daily rates:**

      Forecast childcare rates are based on current daily rates with increases modelled on a 'centre by centre' basis, based on management's assessment of likely uplifts based on historical increases, management knowledge of the local market and industry trends. The Forecast Financial Information assumes all Mayfield Childcare Centres apply yearly fee increases in July each year. Fees receivable from the government are expected to be paid immediately and received weekly in arrears.
- Government funding:
  - This revenue primarily relates to amounts received under various government funding initiatives. The Forecast Financial Information assumes funding will continue at current levels with no changes in those funding initiatives.

(ii) Expenses

- Employee expenses:
  - Have been estimated based upon historical expenditures at the Mayfield Childcare Centres and budgets of staff requirements at each Centre; and
  - The forecast provides for 9 employees in the Company's corporate head office (**Corporate Head Office**). Corporate Head Office salary assumptions are

based upon existing employee agreements and market based remuneration for vacant roles.

- Rent: Mayfield Childcare Centre rent has been calculated using the current leases, adjusted for future rent increases based upon CPI.
- Other expenses: Includes consumables (i.e. nappies, food), professional services, advertising, marketing, insurance, maintenance, IT costs and other occupancy expenses. Other expenses are estimated based upon historical expenditures at the Mayfield Childcare Centres.
- Integration and centre refresh expenses: Forecast integration and refresh costs are based on management's assessment of the level of refurbishment required on acquisition of the Mayfield Childcare Centres, and has been allowed for in the forecast cash flows.
- Administration and listed public company costs: these are adjusted for an increase in administration costs associated with being a listed public company including director fees, audit, legal, compliance and regulatory costs and new functions required.

(iii) Other

Several other assumptions have been made in the Forecast Financial Information:

- Depreciation has been calculated on acquired and incremental plant and equipment balances during the forecast period; and
- Income tax has been based on the current corporate tax rate of 30%.

(c) Liquidity and capital resources

Following Completion of the Offer, Mayfield Childcare's principal sources of liquidity will consist of cash resources and cash flows from operations.

Mayfield Childcare's operations do not require significant capital expenditure. Mayfield Childcare expects that it will have sufficient cash flow from operations to meet its operational requirements and business needs during the forecast period to 31 December 2017.

The Directors believe that Mayfield Childcare will have sufficient working capital to carry out its stated objectives in the forecast period to 31 December 2017.

(d) Sensitivity analysis of the Forecast Financial Information

The Forecast Financial Information included in Sections 7.2, 7.3 and 7.4 is based on a number of estimates and assumptions, as described in Sections 7.5(a) and 7.5(b). These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Mayfield Childcare, the Directors and management, and upon assumptions with respect to future business decisions, which are subject to change.

Set out in Table 11 is a summary of the sensitivity to changes of the Forecast Financial Information in a number of key variables. The changes in the key variables set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. Variations in actual performance could exceed the ranges shown, and these variances may be substantial.

Care should be taken in interpreting these sensitivities. In order to illustrate the likely impact on the Forecast Financial Information, the estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions. In practice, changes in assumptions may offset each other or be additive, and it is likely that Mayfield Childcare's management would respond to any changes in one item to seek to minimise the net effect on Mayfield Childcare's NPAT and cash flow.

For the purpose of the sensitivity analysis in 11, each sensitivity is presented in terms of the impact on CY2017 Pro Forma NPAT.

Table 11: Sensitivity Analysis

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(e) Dividend policy

The payment of a dividend by Mayfield Childcare is at the discretion of the Board and will be a function of a number of factors, including the general business environment, the operating results, cash flows and the financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal, or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant. It is the current intention of the Directors to target a dividend payout ratio of approximately 65% of NPAT and in each year pay interim dividends in respect of half-year financial periods and final dividends in respect of full year periods. It is intended that future dividends will be franked to the fullest extent possible. No assurances can be given by any person, including the Directors, about the payment of any dividend or the level of franking credits attaching to any such dividend. No interim dividend is proposed for CY2017.

Section 8 – Investigating Accountant's Report

DMR

PKF

31 October 2016

The Directors

Mayfield Childcare Ltd

C/- J T Campbell & Co Pty Ltd

Level 2, 90 William Street

Melbourne VIC 3000

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND FORECAST FINANCIAL INFORMATION

1. Introduction

We have been engaged by Mayfield Childcare Ltd ("the Company") to prepare an Independent Limited Assurance Report on the Historical Financial Information and the Forecast Financial Information of the Company for inclusion in a prospectus to be dated on or about 31 October 2016 ("Prospectus") relating to the offer of 24.0 million ordinary shares at an issue price of $1 per share to raise $24.0 million ("the Offer") in the proposed initial public offering and listing of the Company on the Australian Securities Exchange ("ASX").

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity that holds an Australian financial services licence under the Corporations Act 2001. DMR Corporate Pty Ltd ("DMR Corporate") holds an Australian Financial Services Licence (AFS Licence No. 222050) under the Corporations Act 2001.

This report is an Investigating Accountant's Report, the scope of which is set out below. A copy of the Financial Services Guide is attached at Appendix A.

2. Scope

DMR Corporate has been requested to prepare this report to review the following financial information contained in Section 7 of the Prospectus:

1. Historical Financial Information

- Pro Forma historical income statement of the Company for the year ended 30 June 2015;
- Pro Forma historical income statement of the Company for the year ended 30 June 2016; (collectively the "Pro Forma Historical Results") and
- Pro Forma historical balance sheet as at 30 June 2016, as described in Section 7 of the Prospectus ("Pro Forma Historical Balance Sheet").

The Pro Forma Historical Results set out in Section 7 of the Prospectus comprise an aggregate of the unaudited income statements of 16 Mayfield Childcare Centres to be acquired by the Company on completion of this Offer, as if those businesses were owned and operated by the Company from 1 July 2014. The Historical Financial Information relating to the financial years ended 30 June 2015 and 30 June 2016 includes the estimated costs associated with operating as a listed public company so as to be comparable with the costs that have been incorporated in the Forecast Financial Information, however no benefits arising from this expenditure are incorporated in the Pro Forma Historical Results. Due to their nature, the Pro Forma Historical Results do not represent the Company's actual historical financial performance.

The Pro Forma Historical Balance Sheet has been derived from the historical financial information of the Company, after adjusting for the effects of the pro forma adjustments described in Section 7 of the Prospectus. The stated basis of preparation are the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7 of the Prospectus, as if those events or transactions had occurred as at the date of the historical information.

2. Statutory Forecasts

- The Statutory Forecast Results and the Statutory Forecast Cash Flows for the period ending 31 December 2016, and the year ending 31 December 2017, are set out in Section 7 of the Prospectus ("Statutory Forecasts").
- The directors' best-estimate assumptions underlying the Statutory Forecasts are described in Section 7 of the Prospectus. The stated basis of preparation of the Statutory Forecasts are the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

3. Pro Forma Forecasts

- The Pro Forma Forecast Results and the Pro Forma Forecast Cash Flows for the period ending 31 December 2016, and the year ending 31 December 2017, are set out in Section 7 of the Prospectus ("Pro Forma Forecasts"),

(collectively the Statutory Forecasts and the Pro Forma Forecasts are referred to as the

"Forecast Financial Information").

3. Directors' Responsibility

The Directors of the Company are responsible for the preparation of the Pro Forma Historical Results and the Pro Forma Historical Balance Sheet, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Pro Forma Historical Results and the Pro Forma Historical Balance Sheet.

The Directors of the Company are also responsible for the preparation of the Statutory Forecasts, including their basis of preparation and the best estimate assumptions underlying the Statutory Forecasts. They are also responsible for the preparation of the Pro Forma Forecasts, including their basis of preparation and the selection and determination of the pro forma adjustments made to the Pro Forma Forecasts. This includes responsibility for their compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of Pro Forma Historical Results, the Pro Forma Historical Balance Sheet and the Forecast Financial Information that are free from material misstatement.

4. Our responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Historical Results, the Pro Forma Historical Balance Sheet and the Forecast Financial Information, the

best-estimate assumptions underlying the Forecast Financial Information and the reasonableness of the Forecast Financial Information itself, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our review consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

5. Conclusions

Pro Forma Historical Results and Pro Forma Historical Balance Sheet

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Results and the Pro Forma Historical Balance Sheet of the Company as described in Section 7 of the Prospectus are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 7 of the Prospectus being:

- the recognition and measurement principles contained in Australian Accounting Standards;
- the Company's adopted accounting policies applied to the historical financial information; and
- the events or transactions to which the pro forma adjustments relate, as described in Section 7 of the Prospectus, as if those events or transactions had occurred:
  - as at 1 July 2014 in respect of the Pro Forma Historical Results; and
  - as if the Completion of the Offer occurred as at 30 June 2016.

Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the period ending 31 December 2016, and the year ending 31 December 2017, as described in Section 7 of the Prospectus, do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions, as described in Section 7 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies, applied to the Forecast Financial Information; and
  - the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by the Company's management and adopted and disclosed by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the period ending 31 December 2016 and

the year ending 31 December 2017. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the Directors' best-estimate assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 5 and Section 7 of the Prospectus respectively. The sensitivity analysis described in Section 7 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company that all material information concerning the prospects and proposed operations of the Company have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restrictions on use

Without modifying our conclusions, we draw attention to Section 7 of the Prospectus, which describes the purpose of the financial information prepared, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

7. Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with the Standard on Assurance Engagements applicable to Corporate Fundraisings and/or Prospective Financial Information.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside of Australia. We are not recommending or making any representation as to the suitability of any investment to any person.

8. Consent

DMR Corporate has consented to the inclusion of this report in the Prospectus in the form and context in which it is included, but has not authorized the issue of the Prospectus. Accordingly, DMR Corporate makes no representations regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully

Paul Lom
Director
DMR Corporate Pty Ltd

Steven Perri
Director
DMR Corporate Pty Ltd

Appendix A

Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate's independence of the Entity commissioning the report and other parties to the transactions.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

General Financial Product Advice

In this report, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

Independence

At the date of this report, none of DMR Corporate, Mr Paul Lom nor Mr Steven Perri has any interest in the outcome of the capital raising, nor any relationship with Mayfield Childcare Ltd or any of their directors that may impact on our independence.

Drafts of this report were provided to and discussed with the Directors and management of Mayfield Childcare Ltd and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology or conclusions that have been formed by DMR Corporate.

DMR Corporate and its related entities do not have any shareholding in or other relationship with Mayfield Childcare Ltd that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to this independent report on the Historical Financial Information and Forecast Financial Information.

DMR Corporate had no part in the formulation of the Forecast Financial Information, the capital raising and ASX Listing. Its only role has been the preparation of this report.

Remuneration

DMR Corporate is entitled to receive a fee of approximately $230,000 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act.

DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Section 9 – Details Relating to the Offer

Section 9 – Details Relating to the Offer

9.1 Offer Details

This Prospectus relates to an invitation to subscribe for 24 million Shares in the Company at the Offer Price of $1.00 per Share. The Shares offered under this Prospectus will represent approximately 80% of the Shares on issue on Completion of the Offer.

The Offer is expected to raise $24 million.

All successful Applicants under the Share Offer will pay the Offer Price, being $1.00 per Share. Shares issued to Applicants may trade significantly below the Offer Price when the Shares are quoted on the Official List.

(a) Offer structure

The Offer comprises:

(i) the Broker Firm Offer, consisting of an invitation by Brokers to Australian investors to acquire Shares under this Prospectus;

(ii) the General Priority Offer, which is only open to Australian investors nominated by Mayfield Childcare, and

(iii) the Institutional Offer, which consists of an offer to Institutional Investors in Australia.

No general offer to investors will be made under the Offer. The allocation of Shares between the Broker Firm Offer, General Priority Offer and the Institutional Offer will be determined by the Joint Lead Managers, in consultation with the Company, having regard to the allocation policy outlined in Sections 9.3, 9.4 and 9.5.

(b) Purpose of the Offer and use of proceeds

The Offer is being conducted to:

(i) fund the acquisition of the Mayfield Childcare Centres by Mayfield Childcare pursuant to the Acquisition Agreements;

(ii) provide sufficient working capital to the Company;

(iii) fund capital expenditures associated with refurbishment of Mayfield Childcare Centres (and any additional Childcare Centres acquired by Mayfield Childcare after Listing);

(iv) fund the costs associated with the Listing and the Offer; and

(v) improve the Company's future access to capital markets.

The proceeds of the Offer will be applied to:

(i) the acquisition of the Mayfield Childcare Centres;

(ii) acquisition costs;

(iii) integration costs;

(iv) capital expenditure;

(v) debt raising costs;

(vi) offer costs; and

(vii) working capital for the Company.

The use of proceeds table on page 12 of this Prospectus contains additional information regarding the proposed use of funds.

(c) Pro forma historical statement of financial position

Mayfield Childcare's Pro Forma Historical Balance Sheet following Completion of the Offer, including details of the pro forma adjustments, is set out in Section 7.

(d) Capitalisation

Mayfield Childcare's capitalisation following Completion of the Offer and upon Listing is set out in Section 1.6.

(e) Capital structure

The details of the ownership of Shares and other securities, at the Prospectus Date and on Completion of the Offer, are set out below.

Topic	Number at the Prospectus Date	Number on Completion of the Offer
Shares held by Existing Shareholders	6,005,000	6,005,000
Shares to be issued under the Offers	N/A	24,000,000
Total Shares	6,005,000	30,005,000

(f) Control implications of the Offer

The Directors do not expect any Shareholder to control (as defined in section 50AA of the Corporations Act) Mayfield Childcare immediately after Completion of the Offer.

(g) Potential effect of the fundraising on the future of Mayfield Childcare

The Directors believe that on Completion of the Offer, the Company's cash reserves, Debt Facility and the cash proceeds of the Offer will be sufficient to fund the Company's stated business objectives.

9.2 Offer terms and conditions

Topic	Summary
What type of security is being offered?	Shares (being fully paid ordinary shares in Mayfield Childcare) are being offered under the Offer.
What rights and liabilities accompany the Shares?	A description of the Shares, including the rights attaching to them, is set out in Section 10.10.
What is the consideration payable for each security being offered?	The Offer Price is $1.00 per Share. All successful Applicants under the Share Offer will pay the same Offer Price. No Shares will be issued to investors until $24 million is raised under the Offer.
Application Monies	Application Monies must be paid in accordance with any instructions set out in the relevant Application Form. Application Monies must be in Australian dollars. The Broker Firm Offer and the Institutional Offer will be settled via 'delivery versus payment'. Applicants under these offers should

Topic	Summary
	ensure that sufficient funds are held in the relevant account(s) to cover payment of Application Monies. Payment of the Application Monies relating to the General Priority Offer must be by cheque, a deposit of their Application Monies directly into the segregated account of the Joint Lead Managers or such other mechanism as determined by or agreed with the Directors, including by way of set-off. Where applicable, applicants under the General Priority Offer should ensure that, where applicable, cleared funds are available in the Joint Lead Managers' segregated account by the Closing Date. Details of the Joint Lead Managers' segregated account are set out in the Application Form. Cheque(s) or bank draft(s) drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable in accordance with the direction of the Broker from whom the Applicant receives a firm allocation (under the Broker Firm Offer) or in accordance with the instructions in the Application Form (for the General Priority Offer and the Institutional Offer). Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the cheque(s) or bank draft(s). If the amount of the cheque(s) or bank draft(s) for Application Monies (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is less than the amount specific on your Application Form, you may be taken to have applied for such lower dollar amount of Shares as your cleared Application Monies will pay for (and to have specified that amount on your Application Form) or your Application may be rejected, by the Company in its absolute discretion. If the Company does not raise $24 million within 4 months after the Prospectus Date, the Offer will not proceed and all Application Monies will be refunded in full without interest.
When is the Offer period?	The Offer opens at 9:00am (AEDT), 15 November 2016. The Offer closes at 5:00pm (AEDT), 18 November 2016. The key dates are set out on page 10. This timetable is indicative only and may change. Unless otherwise indicated, all times are AEDT. The Joint Lead Managers, in consultation with the Company, reserve the right to vary the above times and dates without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer, in each case without notifying any recipient of this Prospectus or any Applicant). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.
What are the cash proceeds to be raised?	$24 million is expected to be raised under the Offer. If the Company does not raise $24 million within 4 months after the Prospectus Date, the Offer will not proceed and all Application Monies will be refunded in full without interest.
Will the Offer be underwritten?	No. The Offer is not underwritten.
Is there a minimum and	The minimum application amount is 2,000 Shares at $1.00 per

Topic	Summary
maximum Application size?	Share and multiples of 500 shares at $1.00 per Share thereafter. Subject to the above: ▪ the minimum Application under the Broker Firm Offer is as directed by the Applicant's Broker; and ▪ the Joint Lead Managers, in conjunction with the Company, reserve the right to set the minimum Application amounts under the General Priority Offer. There is no maximum value of Shares that may be applied for under the Offer. However, the maximum size of the General Priority Offer has to be agreed between the Company and the Joint Lead Managers. The Joint Lead Managers, in consultation with the Company, reserve the right to scale back Applicants under the General Priority Offer and the Institutional Offer in their absolute discretion. The Joint Lead Managers, in conjunction with the Company, also reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.
How will the Shares be allocated?	The allocation of Shares between, and under each of the Broker Firm Offer, General Priority Offer and the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company, having regard to the allocation policy set out in Sections 9.3, 9.4 and 9.5. The Joint Lead Managers, in consultation with the Company, have absolute discretion regarding the allocation of Shares to Applicants under the Offer and may reject an Application, or allocate fewer Shares than the amount applied for, in their absolute discretion.
When will investors be notified about a successful Application?	It is expected that initial holding statements will be despatched by standard post on or around 25 November 2016. Refunds to Applicants for Shares who make an Application and have paid their Application Monies, but are scaled back, will be made as soon as possible post the issue of the Shares, which is expected to occur on or about 25 November 2016.
Will the Shares be listed on the ASX?	Mayfield Childcare will apply within seven days after the Prospectus Date for admission to the Official List and quotation of the Shares on the ASX (which is expected to be under code MFD). Completion of the Offer is conditional on, among other things, the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.
When will share trading begin?	Mayfield Childcare expects that trading will commence on or about 28 November 2016. It is the responsibility of Applicants to confirm their Shareholdings before trading. Applicants who sell Shares before receiving their initial holding statement do so at their own risk. Mayfield Childcare, the Share Registry, the Joint Lead Managers and the Existing Shareholders disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding Mayfield Childcare or confirmed your firm allocation through a Broker.
What escrow arrangements	An explanation of the escrow arrangements is outlined in

Topic	Summary
exist?	Section 10.12.
Are there any tax considerations?	Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 10. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.
Will Applicants be subject to brokerage, stamp duty or commissions?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.
What should I do with my enquiries?	If you have any questions in relation to the Offer, please contact the Joint Lead Managers, whose details are set out in Section 1.7. All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

9.3 General Priority Offer

Topic	Summary
General Priority Offer	The General Priority Offer is only open to Australian investors nominated by Mayfield Childcare. These investors will receive a personalised invitation to apply for Shares under the General Priority Offer. Applicants under the General Priority Offer may apply for an amount up to the amount stated on their personalised invitation. Any amount tendered in excess of this may be refunded in full (without interest) or accepted in full or in part, with amounts not accepted refunded (without interest). Payment of the Application Monies may be by such mechanism determined by or as agreed with the Directors, including by way of set-off. General Priority Offer Applicants must apply in accordance with the instructions on their personalised Application Form. Where permitted by the Company, applications under the General Priority Offer for an amount less than the amount stated on the Applicant's personalised invitation must be for a minimum of $2,000 worth of Shares and in multiples of 500 shares at $1.00 per Share thereafter. General Priority Offer Applicants are guaranteed an allocation of Shares in the amount specified in their personalised invitation or, where permitted by the Company, for such lesser amount validly applied for (rounded down to the nearest whole Share).
Allocation policy	The allocation of Shares under the General Priority Offer will be determined by the Joint Lead Managers, in consultation with the Company and taking into consideration the guaranteed minimum allocation of $2,000 worth of Shares per nominated investor, as the case may be. The Joint Lead Managers, in consultation with the Company, will have absolute discretion regarding the basis of allocation of Shares and there is no assurance that a nominated investor will receive any number of Shares applied for under General Priority Offer. There is no maximum value of Shares that may be applied for under the General Priority Offer. The maximum size of the General Priority Offer is as to be agreed between the Company and the Joint Lead Managers.

	The Company will confirm the number of Shares to be issued to nominated investors who have made an Application under the General Priority Offer by 18 November 2016.

9.4 Broker Firm Offer

Topic	Summary
Who may apply	The Broker Firm Offer is open to investors who have been issued an invitation from a Joint Lead Manager or Broker to apply for Shares. All Applicants for the Broker Firm Offer must be a resident of Australia. Investors who are offered a firm allocation of Shares by a Broker will be treated as an Applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether you can receive an invitation from them under the Broker Firm Offer.
How to apply	Applicants under the Broker Firm Offer should contact their Broker or one of the Joint Lead Managers for information about how to submit your Broker Firm Offer Application Form and for payment instructions. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation of Shares. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Application Form. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Share Registry. Applicants under the Broker Firm Offer should contact their Broker or the Joint Lead Managers to request a Prospectus and Application Form, or download a copy at www.mayfieldchildcare.com. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5:00pm (AEDT) on the Closing Date or any earlier closing date as determined by your Broker. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form, which may be downloaded in its entirety from www.mayfieldchildcare.com. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. The Company, the Share Registry, the Joint Lead Managers and the Existing Shareholders take no responsibility for any acts or omissions committed by your Broker in connection with your Application. The Broker Firm Offer opens at 9:00am (AEDT) on 15 November 2016 and is expected to close at 5:00pm (AEDT) on 18 November 2016. The Joint Lead Managers, in consultation with the Company, may elect to close the Offer or any part of it early, extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible.
How to pay	Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.
Allocation acceptances and	An Application under the Broker Firm Offer is an offer by the Applicant to the Company to apply for Shares in the Australian dollar amount specified in the

Topic	Summary
Application Monies	Application Form at the Offer Price on the terms and conditions set out in this Prospectus including any supplementary or replacement prospectus and the Application Form. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable. An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract on allocation of Shares to Successful Applicants conditional on the quotation of Shares on the ASX. The Joint Lead Managers, in consultation with the Company, reserve the right to reject any Application which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Broker Firm Offer, or to waive or correct any errors made by the Applicant in completing their Application. Successful Applicants under the Broker Firm Offer will be issued Shares at the Offer Price and will receive the number of Shares equal to the value of their Application accepted by Mayfield Childcare divided by the Offer Price. The Company, the Share Registry, the Joint Lead Managers and the Existing Shareholders will exclusively determine whether an Applicant receives an issue of Shares.
Allocation policy	The allocation of firm Shares to Brokers will be determined by the Joint Lead Managers, in consultation with the Company. Shares that have been allocated to Brokers for allocation to their Australian resident clients will be issued to the Applicants nominated by those Brokers. It will be a matter for each Broker as to how they allocate firm Shares among their retail clients, and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that retail clients who have received a firm allocation from them receive the relevant Shares.

9.5 Institutional Offer

Topic	Summary
Institutional Offer	The Company may invite certain eligible Institutional Investors to apply for Shares under the Institutional Offer. The Institutional Offer will comprise those invitations made to eligible Institutional Investors. The Institutional Offer will be managed by the Joint Lead Managers. Full details of how to participate, will be provided to the relevant eligible Institutional Investors by the Joint Lead Managers. Applicants under the Institutional Offer must apply in accordance with the details provided to them by the Joint Lead Managers. Applicants under the Institutional Offer may apply for any maximum amount of Shares. Applications under the Institutional Offer from eligible Institutional Investors who are residents of Australia must be for a minimum of $2,000 worth of Shares and in multiples of 500 shares at $1.00 per Share thereafter. The Joint Lead Managers, in conjunction with the Company, reserve the right to increase the minimum Application amount under the Institutional Offer.
Allocation policy	The allocation of Shares among Applicants under the Institutional Offer will be determined by the Joint Lead Managers in consultation with the Company. The Joint Lead Managers, in consultation with the Company, have absolute discretion regarding the basis of allocation of Shares among Institutional Investors. The allocation policy will also be influenced by, but not constrained by, the following factors:

	▪ the Shares applied for under the Broker Firm Offer and the General Priority Offer; ▪ the number of Shares applied for that particular Institutional Investor; and ▪ any other factors that the Joint Lead Managers, in consultation with the Company, consider appropriate, in their sole discretion. The Joint Lead Managers, in consultation with the Company, have absolute discretion regarding the allocation of Shares to Applicants under the Institutional Offer and may reject an Application, or allocate fewer Shares than the amount applied for, in their absolute discretion.

9.6 Distribution restrictions

There has been no action taken in order to register or qualify this Prospectus, the Shares or the Offer or otherwise to license a public offering of the Shares in any other jurisdiction outside Australia. In particular, the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

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

This Prospectus may only be distributed to persons whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

Each Applicant in the Broker Firm Offer and General Priority Offer and each person in Australia to whom the Institutional Offer is made under this Prospectus will be taken to have represented, warranted and agreed as follows:

(a) it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;

(b) it is not in the United States;

(c) it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and

(d) it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction which Shares are offered and sold.

Each Applicant under the Institutional Offer will also be required to make certain representations, warranties and covenants set out in the confirmation of allocation letter distributed to it.

9.7 Discretion regarding the Offer

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

The Joint Lead Managers, in consultation with the Company, also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than applied for.

9.8 ASX Listing, holding statements and registers

Topic	Comment
Application to the ASX for listing of Mayfield Childcare and quotation of Shares	The Company will apply to the ASX within seven days after the date of this Prospectus for admission to the Official List and quotation of Shares on the ASX (which is expected to be under the code MFD). The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that the ASX may admit Mayfield Childcare to the Official List is not to be taken as an indication of the merits of Mayfield Childcare or the Shares offered under this Prospectus. If permission is not granted for the official quotation of the Shares on the ASX within three months after such application is made (or any later date permitted by law), all Application Monies received by Mayfield Childcare will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act. Subject to certain conditions (including any waivers obtained by Mayfield Childcare from time to time), the Company will be required to comply with the Listing Rules.
CHESS and issuer sponsored holdings	Mayfield Childcare will apply to participate in the ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in Shares quoted on the ASX under which transfers are effected in an electronic form. When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister. Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued. Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. Mayfield Childcare and the Share Registry may charge a fee for these additional issuer sponsored statements.
Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution	The rights and liabilities attaching to ownership of the Shares are set out in Section 10.10.
Application Forms	No Application Form for Shares under this Prospectus may be distributed unless it is accompanied by a copy of this Prospectus. Once an Application has been lodged, the application will be considered correct in respect to the

Topic	Comment
	amount of Shares applied for in the Application Form.
Provision of Australian Business Numbers and Tax File Numbers	In the Application Form, Applicants under the Offer have the option to provide Mayfield Childcare with their Tax File Number (**TFN**) or TFN exemption details (if applicable). When Shares are to be held as part of a business, undertaking or enterprise carried on by an investor, the Application Form allows investors to provide those details to Mayfield Childcare. All Australian residents must be advised that if they apply for Shares in Mayfield Childcare and do not provide their TFN, TFN exemption details or ABN to Mayfield Childcare, tax will be withheld by Mayfield Childcare at the maximum marginal tax rate plus the Medicare levy on partially franked dividends paid by Mayfield Childcare in the event that the Board determines to pay partially franked dividends.
Share Registry	The Share Registry for Mayfield Childcare is proposed to be maintained by Link Market Services Limited.

Section 10 – Additional Information

Section 10 - Additional Information

10.1 Governing law applicable to this Prospectus and contracts formed from the acceptance of the Applications

The laws of Victoria will apply to this Prospectus and any contracts arising from the acceptance of the Applications. Each Applicant agrees to submit to the exclusive jurisdiction of the Victorian courts.

10.2 Date of incorporation

Mayfield Childcare Pty Ltd was incorporated in Victoria on 25 March 2015 as a proprietary company limited by shares.

Mayfield Childcare Pty Ltd changed its company type to a public company limited by shares on 30 September 2016.

10.3 Appointment and retirement of Directors

Mayfield Childcare follows the Corporations Act and Listing Rules in relation to the appointment and retirement of directors with each individual case judged on its own merits.

10.4 Adequacy of the Company's capital

The Directors are satisfied that Mayfield Childcare will have sufficient working capital upon Listing to achieve and carry out its objectives as outlined in this Prospectus.

10.5 Dividends

The Board has adopted a dividend policy to pay annual dividends of up to 65% of profits derived, enabling the Company to retain sufficient earnings to support the growth objectives of the Company (subject to any restrictions under the Debt Facility). The Company will implement a dividend reinvestment plan under which Shareholders will be able to reinvest dividends that they would otherwise receive in cash for the issue or transfer to them of additional Shares. Dividends, if declared or determined in the first year, are unlikely to be franked and thereafter franked to the maximum extent possible.

10.6 Company tax status of Mayfield Childcare

As a public company, Mayfield Childcare will be subject to Australian taxation laws.

10.7 Taxation implications for Shareholders

This Section provides a general overview of Australian tax consequences for investors who acquire Shares through the Offer.

The following taxation comments are based on the law in Australia as at the Prospectus Date. Australian tax laws are complex. These comments are a general summary and do not outline all potential implications for each investor. Taxation laws and their interpretation are subject to change at any time. The precise implications for each investor of ownership and disposal will depend on the relevant investor's own specific circumstances. Independent professional advice on the tax implications of holding and disposing of Shares should be sought to take into consideration the specific circumstances of each investor.

The following information is a general summary of the Australian income tax implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate investors. These comments do not apply to non-Australian tax resident investors, banks, insurance companies, investors that hold Shares on revenue account or carry on a business of trading in shares, investors who are exempt from Australian income tax or investors subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth) which have made elections for the fair value or reliance on financial reports methodologies.

Taxation issues covered by this Section are only one of the many considerations an investor needs to consider when deciding whether to take up the Offer. Investors should seek professional advice from qualified individuals before deciding to possibly take up the Offer.

(a) Australian tax residents and complying superannuation entities

Dividends paid by Mayfield Childcare on Shares will constitute assessable income for Australian tax resident investors. Investors who are individuals or complying superannuation entities should include any dividend in their assessable income in the year the dividend is paid together with any franking credit attached to that dividend. In some cases, superannuation funds may be exempt to the extent the Shares are held to support current pension liabilities. Investors in most cases will be entitled to tax offset amounts equal to the franking credit attached to the dividend paid to the investor, subject to the investor being a 'qualified person' (as discussed below). This offset can be applied to reduce the tax payable on the investor's taxable income and in certain circumstances entitle the investor to a tax refund.

To the extent that the dividend is unfranked, investors will generally be taxed at their marginal rate on the dividend paid to the investor, with no tax offset.

(b) Corporate investors

Corporate investors are also required to include both the dividend and franking credit in their assessable income. Corporate investors are then allowed a tax offset up to the amount of the franking credit on the dividend.

Australian corporate investors should be entitled to credits in their own franking account to the extent of the franking credit on the distribution received. This should allow the corporate investor to pass on the benefit of the franking credits to its own investor(s) on the payment of dividends. If excess franking credits are received, they do not give rise to a refund for a corporate investor but in certain circumstances can be converted into carry forward tax losses.

(c) Partnerships and trust

Investors who are trustees (except trustees of complying superannuation entities) or partnerships should include both the dividend and the franking credit when calculating the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the partnership or trust.

(d) Shares held 'at risk'

The benefit of franking credits may be denied where an investor is not a 'qualified person'. Franking credits would not be included in the assessable income of investors who are not deemed to be a 'qualified person' and the investor would not be entitled to a tax offset.

For investors to be a 'qualified person', the holding period rule must be satisfied.

Subject to the related payments rule (refer below), under the holding period rule, an investor is required to hold shares "at risk" for more than 45 days continuously (commencing the day after the shares are acquired and ending on the 45th day after the shares become ex-dividend) to qualify for franking benefits, including franking credits.

The holding period rule is subject to certain exceptions, including where the total franking offsets of an individual's income in a year does not exceed $5,000.

Special rules apply to trusts and beneficiaries. Specifically there are particular difficulties in satisfying the holding period rule where an investor holds Shares through a discretionary trust where no family trust election has been made. It may be the case that the holding period rule cannot be satisfied (except in the case of individual beneficiaries who have franking credit entitlements that do not exceed $5,000 in a year). If you are the trustee of a discretionary trust, it is strongly recommended that you seek professional advice.

Under the related payment rule, a different testing period applies, where the investor has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the shares at risk for the continuous 45 day period within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

Dividend washing

The Australian Government has introduced specific integrity rules that may apply to deny franking tax offsets to certain 'dividend washing' arrangements. Broadly, dividend washing is a type of scheme through which taxpayers seek to claim multiple franking credits in respect of a single economic interest by selling an interest after an entitlement to a franked distribution has accrued and then immediately purchasing an equivalent interest with a further entitlement to a corresponding franked distribution. For example, selling shares held on the ASX and then effectively repurchasing the same parcel of shares on a special ASX trading market. The timing of this transaction occurs after the taxpayer becomes entitled to the dividend but before the official record date for dividend entitlements. Where applicable, no tax offset is available (nor amount required to be included in your assessable income) for a dividend received on the parcel of shares purchased on the special ASX trading market. Investors should consider the impact of these changes having regard to their own personal circumstances.

(e) Capital gains tax implications for Australian tax resident Shareholders

Australian tax resident Shareholders who hold their Shares on capital account should consider the impact of the Australian capital gains tax (**CGT**) in respect of the disposal of their Shares.

The disposal of Shares held on capital account would result in a CGT event occurring at the earlier of the time when a contract to dispose of the shares was entered into or the time at which disposal occurs.

Where the capital proceeds received on disposal of the Shares exceeds the CGT cost base of those Shares, Australian tax resident Shareholders will derive a capital gain.

The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Australian tax resident Shareholders may incur a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the CGT reduced cost base of the Shares.

All capital gains derived and capital losses incurred by an Australian tax resident Shareholder for an income year are combined together. To the extent that a net capital gain exists, such Shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided recoupment tests are satisfied).

Subject to the availability of the CGT discount concession, any remaining net gain (after any carried forward tax losses) will then be required to be included in the Australian tax resident Shareholder's assessable income and will be taxable at the Shareholder's applicable rate of tax.

Where a net capital loss is recognised, the loss will only be deductible against future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied. Trusts are not subject to tax loss recoupment rules in relation to net capital losses.

CGT discount

A CGT discount may be available on the capital gain for individual investors, trustee investors and investors that are complying superannuation entities, broadly where the particular Shares are held for at least 12 months prior to sale. Any current year or carry forward capital losses should offset the capital gain first before the CGT discount can be applied. The CGT discount for individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) is 50%, and for complying superannuation entities is 33 1/3%.

In respect of trusts, rules surrounding capital gains and the CGT discount are complex, however, the benefit of the CGT discount can flow through to relevant beneficiaries, subject to certain requirements being satisfied.

(f) TFN

Shareholders are not obliged to quote their TFN, or where an investor holds Shares as part of an enterprise, their Australian Business Number (ABN), to Mayfield Childcare. However, if TFN, ABN or exemption details are not provided, Australian tax is required to be deducted by Mayfield Childcare at the highest marginal rate plus Medicare levy from certain dividends paid.

No withholding requirement applies in respect of fully franked dividends paid by the Company on the Shares.

(g) Stamp Duty

No Australian stamp duty should be payable by Shareholders in respect of the Offer or their acquisition or disposal of their shares in Mayfield Childcare while it is a listed company. Individual Shareholders should obtain their own independent advice depending on their individual circumstances.

(h) Goods and Services Tax (GST)

The issue of Shares by the Company under this Prospectus should not be subject to GST.

The acquisition of the Shares by an Australian resident (that is registered for GST) should be an input taxed financial supply, and therefore should not be subject to GST.

No GST should be payable in respect of dividends paid to investors.

An Australian resident investor that is registered for GST may not be entitled to claim full input tax credits in respect of GST on expenses they incur that relate to the acquisition, redemption or disposal of the Shares (e.g. lawyers' and accountants' fees). Investors should seek their own advice on the impact of GST in their own particular circumstances.

10.8 Summaries of Material Contracts

(a) Acquisition Agreements

Mayfield Childcare has entered into Acquisition Agreements with the relevant Vendors of the Mayfield Childcare Centres, being the 16 Childcare Centres to be acquired by Mayfield Childcare.

An overview of the Acquisition Agreements is set out below.

Term	Summary
Property	The Vendors will obtain for Mayfield Childcare a lease of the premises by a written consent from the landlord or by surrendering the lease and assisting in acquiring a new lease. Intellectual property, plant and equipment, stock and contracts from the Vendors will be acquired.
Employees	The employees of the Vendor that are being retained will be provided with terms that are no less favourable than their current employment contracts.
Termination events	**Landlord consent** If a landlord does not consent to a transfer of lease, the landlord has not granted a new lease or, in the majority of Acquisition Agreements, if a mortgagee or chargor has not consented in writing to transfer or grant a new lease, Mayfield Childcare may terminate the Acquisition Agreement with the relevant Vendor. **Occupancy** Mayfield Childcare reserves the right to withdraw and terminate an Acquisition Agreement if occupancy falls, or in some Acquisition Agreements if it materially falls, below levels represented by Vendors to Mayfield Childcare at or before settlement. **Default** Either party may generally terminate an Acquisition Agreement as a result of default by the other party, subject to the non-defaulting party providing a notice of default to the default party, and allowing five Business Days for the default to be remedied.

	Inquiries The Company may terminate an Acquisition Agreement if its due diligence inquiries reveal a material breach of the Vendor's warranties which the Vendor is not able or willing to address or rectify to the Company's satisfaction, contingent on the Company providing a notice to the Vendor of its intention to terminate and the Vendor does not rectify the breach to the Company's satisfaction within seven days after receiving the notice to terminate from the Company.
Warranties, representations and other terms	Under each Acquisition Agreement, the relevant Vendor will provide standard warranties, such as, in relation to capacity, authority, financial statements, taxation, business records, ownership of assets, compliance, litigation, industrial disputes and their employees. Mayfield Childcare will also provide standard warranties in respect of capacity and performance under the Acquisition Agreements. Under the Acquisition Agreements, the Vendor will be subject to restraint of trade requirements to apply for varying durations following the date of settlement and varying geographic limits from the Vendor's premises.
Earn outs	The Acquisition Agreement in respect of the Mayfield Childcare Centre located in Diamond Creek (**Diamond Creek MCC**) contains an earn-out clause whereby the purchase price to be paid by the Company for the Diamond Creek MCC is calculated as being $1.5 million on Listing plus 5.5 multiplied by the final CY17 EBIT for the Diamond Creek MCC less the initial purchase price of $1.5 million.
Option to acquire Shares	Under the Acquisition Agreement in respect of the Mayfield Childcare Centre located in South Morang (**South Morang Acquisition Agreement**), the Vendor may elect to receive up to 20% of the purchase price in Shares of equivalent value. Any Shares to be issued to the Vendor under the South Morang Acquisition Agreement will form part of the 24 million Shares to be issued under this Prospectus.

(b) Property leases in respect of the Mayfield Childcare Centres

For each of the Mayfield Childcare Centres, the Company has signed, or proposes to sign on or around the date of listing, either a deed of assignment in relation to the lease currently in place between the Vendor and the relevant landlord or a new lease directly with the relevant landlord. The deeds of assignment or new leases will take affect at settlement of the relevant Acquisition Agreement for that Mayfield Childcare Centre.

The terms of the existing leases to be assigned and the new leases are summarised below.

Term	Summary
Form of leases	All of the new leases to be entered into have been prepared on the Real Estate Institute of Victoria Ltd standard form (Code 143 Commercial Lease). A number of the leases to be assigned are on the Law Institute of Victoria standard form (various revisions).
Landlord consent	Each of the leases to be assigned has a requirement that the Vendor must obtain the landlord's consent to any assignment of the lease, which consent must not be unreasonably withheld. A number of these leases have a requirement that, upon an assignment, the directors of any new tenant company must provide personal guarantees. There is no exception for companies listed on the ASX. The Vendors have been asked to obtain confirmation from these landlords that this requirement for personal guarantees will be waived given the Company will be a listed company.
Length of lease Terms	Each of the new leases to be entered into have initial terms of 10 years with options for further terms.

	The assigned leases all have varying terms, commencement dates and options terms. Provided the options have or will be exercised, the Company will have tenure under all leases until at least 2024.
Application of Retail Leases Act	The Company will have the benefit of the *Retail Leases Act 2003* (Vic) applying to leases that will be assigned. The Company will not have this benefit after it exercises an option to extend a term of one of these leases and it will also not have this benefit under the new leases. The *Retail Leases Act 2003* (Vic) affords protection to the Company by providing for landlord disclosure, compensation for some types of interference, consent to assignment of the lease not to be unreasonably withheld, prohibition on unconscionable conduct and dispute resolution mechanisms.
Rights of first refusal	The leases for Mayfield Childcare Centres located in Lilydale, Macedon and Sydenham, Victoria all grant the sitting tenants' rights of first refusal if the landlords intend to sell.

(c) Binding credit approved term sheet from Westpac Banking Corporation

Mayfield Childcare has obtained a binding credit approved term sheet from Westpac for the Debt Facility, being:

- $650,000 facility to cover rental bonds in relation to leasehold properties;
- $8 million facility which is being drawn down at Listing to complete Mayfield Childcare's acquisition of the Mayfield Childcare Centres;
- a transactional risk facility of up to $1 million; and
- $100,000 business card facility,

and subject to complying with certain conditions, Mayfield Childcare expects to obtain two further facilities of up to $10 million each for the purposes of making further acquisitions.

Mayfield Childcare's debt funding has been approved for the permitted uses of acquiring Mayfield Childcare Centres, acquisition and Offer costs, providing rental bonds in relation to leasehold properties, business card use and payroll payments (as applicable in relation to the various facilities).

Mayfield Childcare has provided Westpac with various undertakings in connection with the Debt Facility. These undertakings include and relate to providing financial accounts and budgets and not incurring further indebtedness, disposing of assets, granting security interests, entering into mergers, acquisitions or corporate restructures, paying dividends in financial years and incurring capital expenditure outside of agreed limits, otherwise than as agreed to in the final documentation underlying the Debt Facility (**Facility Documentation**).

The binding credit approved term sheet also contains financial covenants, which include minimum occupancy levels across Mayfield Childcare's portfolio of Childcare Centres and interest cover ratios.

Mayfield Childcare's ability to draw down on the Debt Facility will be subject to various conditions including the lodgement of the Prospectus with ASIC, due diligence conditions and the execution of facility and security documentation.

In relation to any additional acquisitions of Childcare Centres proposed to be made post-Listing, the Board believes that the final Facility Documentation may include a number of additional conditions including meeting certain borrowing and performance requirements to the satisfaction of Westpac and the Board approving of feasibility and business case studies made for the purpose of the proposed acquisitions.

(d) Agreement with Joint Lead Managers

Mayfield Childcare and the Joint Lead Managers entered into the Engagement Letter on or around the Prospectus Date. Under the Engagement Letter, the Joint Lead Managers have agreed to advise, lead and manage, and act as bookrunner for, the Offer. The Joint Lead Managers have also agreed to manage the allocation of the Shares issued under the Offer and, in the case of Ord Minnett Limited, manage the settlement obligations of the Offer. The Joint Lead Managers may, in consultation with Mayfield Childcare, appoint brokers to the Offer.

The Engagement Letter does not constitute an offer or an agreement to underwrite a capital raising, purchase any securities issued under the Offer or commit any capital.

Term	Summary
Commissions, fees and expenses	No later than three days after allotment of the Shares under the Offer, Mayfield Childcare must pay to the Joint Lead Managers in total: • a fee equal to 2% of the proceeds (in aggregate) (**Syndicate Fee**). The Syndicate Fee will be payable by Mayfield Childcare to the Joint Lead Managers on the settlement date. Ord Minnett Limited, as settlement agent, will deduct both the Syndicate Fee and Selling Fee (as defined below) from the gross proceeds that are transferred to Mayfield Childcare on the settlement date. The Syndicate Fees will be shared equally between the Joint Lead Managers; and • a selling fee equal to 4% on the total funds raised introduced from each Joint Lead Manager (**Selling Fee**). The Joint Lead Managers agree to carve out up to $14 million of the Offer proceeds for clients of J.T. Campbell Co Pty Ltd. The carve out applies to private investors only and excludes institutional investors. In addition to the fees described above, Mayfield Childcare has agreed to reimburse the Joint Lead Managers for reasonable out-of-pocket expenses incurred by the Joint Lead Managers in relation to the Offer, including all settlement fees payable to the ASX. Mayfield Childcare has also agreed to pay the legal costs that the Joint Lead Managers incur in respect of the Offer capped at $15,000. The Joint Lead Managers will be responsible for any fees payable to any third-party brokers for allocation of Shares in connection with the Offer.
Termination events	Either the Joint Lead Managers or Mayfield Childcare may, without liability or continuing obligation to any other party except in certain circumstances, terminate the engagement and the Engagement Letter without cause by giving seven days written notice to the other parties. Mayfield Childcare can only terminate the engagement and the Engagement Letter without cause if the Joint Lead Managers have not yet offered a firm allocation of Shares to any investor under the Offer (irrespective of whether that investor accepts the firm allocation offer). If the Company terminates the Joint Lead Managers' engagement under the Engagement Letter for reasons other than: • the Joint Lead Managers' material default of their obligations under the Engagement Letter (which default cannot or has not been remedied within a reasonable period following notice); or • for fraudulent actions, gross negligence or breach of law by or on behalf of either of the Joint Lead Managers, then the Joint Lead Managers will continue to be entitled to the Syndicate Fees if the Company completes the Offer on or before 31 March 2017 (or such later date as agreed between Mayfield Childcare and the Joint Lead Managers).
Representations, warranties, undertakings and other terms	The Engagement Letter contains certain acknowledgements given by the Company to the Joint Lead Managers and includes matters such as preparation of this Prospectus, responsibility for the contents of this Prospectus, information provided by the Company and notification of all matters and information that are material in relation to the Offer to the Joint Lead Managers. The Engagement Letter also contains certain conditions precedent, including due diligence, preparation of this Prospectus and entry into escrow arrangements to be approved by the Joint Lead Managers.

Term	Summary
	The Company has also provided an undertaking to the Joint Lead Managers that it will not, without the consent of the Joint Lead Managers which must not to be unreasonably withheld, during the period commencing on the date of quotation of Shares on ASX (**Listing Date**) and ending 180 days from the Listing Date, allot or issue or agree to allot or issue, or grant an option, right or warrant over, shares or other securities in the capital of the Company, or change the nature of the business of the Company, or acquire or divest any material assets, other than pursuant to the issue of the Shares under the terms of the Offer or the issue of securities under the terms of any director or employee share or option plan of the Company (where applicable).
Indemnity	Subject to certain exclusions relating to, among other things, material breach of contract, fraud, negligent misrepresentation, wilful misconduct or gross negligence of an indemnified party, the Company agrees to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer, the Company's breach of the Engagement Letter, the issue of this Prospectus, any false or misleading statement in this Prospectus or omission which renders it misleading, any conduct by a person in connection with the issue of the Prospectus or Offer that is or is likely to be misleading or deceptive, or conduct by a person in contravention of Part 7.10 of the Corporations Act or other applicable law in connection with this Prospectus or the Offer.

10.9 Consents by relevant parties

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Written consents to the issue of this Prospectus have been given and, at the time of lodgement of this Prospectus with ASIC, had not been withdrawn by the following parties:

(a) DMR Corporate Pty Ltd ABN 21 657 912 851 has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the Investigating Accountant to Mayfield Childcare, in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 8 and the statements specifically attributed to it in the text of this Prospectus in the form and context in which they are respectively included (and all other references to that report and those statements in this Prospectus).

(b) MinterEllison has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as Australian legal adviser (other than in relation to taxation matters) to Mayfield Childcare in relation to the Offer in the form and context in which it is named.

(c) Ord Minnett Limited ABN 86 002 733 048 has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

(d) Taylor Collison Limited ABN 53 008 172 450 has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

(e) J.T. Campbell & Co Pty Limited ABN 57 059 173 330 has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named.

(f) Link Market Services Limited has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as

the Share Registry, in the form and context in which it is named. Link Market Services Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registry to Mayfield Childcare.

10.10 Summary of rights and liabilities attaching to Shares and other material provisions of the Constitution

The rights and liabilities attaching to the ownership of the Shares arise from a combination of the Constitution, statute, the Listing Rules and general law.

A summary of the rights and liabilities attaching to Shares is detailed below. The summary is not an exhaustive explanation nor does it constitute a definitive statement of all the rights and liabilities that are attached to the ownership and disposal of Shares by investors. The summary assumes that the Company is admitted to the Official List.

Topic	Summary
Voting at general meeting	At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid share held by the Shareholder.
Meetings of members	Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules. Except as permitted by the Corporations Act, general meetings must be called on at least the minimum number of days' notice required by the Corporations Act (which at the date of this Prospectus is 28 days) and otherwise in accordance with the procedures set out in the Corporations Act.
Dividends	The Board may by resolution either: ▪ declare a dividend and fix the amount, the time for and method of payment; or ▪ determine a dividend or interim dividend is payable and fix the amount, the time for and method of payment. For further information in respect of the Company's proposed dividend policy, see Section 10.5.
Transfer of shares	Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the Listing Rules or the ASX Settlement Operating Rules. Subject to compliance with the Listing Rules, the ASX Settlement Operating Rules and the Constitution, Shares may be transferred by a written instrument of transfer in any usual or common form or by any other form approved by the Directors. The Board may, in its absolute discretion, refuse to register a transfer of Shares in any of the circumstances permitted by the Listing Rules. The Board must refuse to register a transfer of Shares when required to do so by the Listing Rules.
Issue of further shares	Subject to the Corporations Act, the Listing Rules, and the Constitution, the Directors may issue and allot, or dispose, of shares on terms determined from time to time by the Directors at an issue price that the Directors determine from time to time and to Shareholders whether in proportion to their existing shareholdings or otherwise, or to such other persons as the Directors may determine from time to time. The Directors' power under the Constitution includes the power to grant options over unissued Shares and issue and allot Shares: with any preferential, deferred or special rights, privileges or conditions; with any restrictions in regard to dividend, voting, return of capital or otherwise; which are liable to be redeemed or converted; or which are bonus Shares for whose issue no consideration is payable to the Company.
Winding up	Without prejudice to the rights of the holders of Shares issued on special terms and conditions, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets; and for that purpose, determine how it will carry out the division between the different classes of Shareholders, but the liquidator may not require a Shareholder to accept any Shares or other securities in respect of which there is any

Topic	Summary
	liability.
Non-marketable parcels	Where the Company complies with the relevant procedure outlined in the Constitution, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of Shares.
Share buy-backs	Subject to the Corporations Act and the Listing Rules, the Company may buy Shares in the Company on terms and at times determined by the Board.
Variation of class rights	At Listing, the Company's only class of shares on issue will be the Shares. Rights attached to any class of Shares may be varied in accordance with the Corporations Act.
Dividend reinvestment plan	The Directors may establish a plan under which Shareholders may elect to reinvest cash dividends paid or payable by the Company, by acquiring by way of issue or transfer (or both) shares in the Company or any other body.
Directors – appointment and rotation	Under the Constitution the Board must comprise of at least three Directors and no more than seven, unless the Shareholders of the Company pass a resolution varying that number. Directors are elected at general meetings of the Company. Excluding the managing director, retirement of Directors will occur on a rotational basis so that no Director holds their position without re-election beyond the third annual general meeting following their last election. From time to time, the Directors may appoint a Director to fill a vacancy or to add to the existing Directors. In this case, the Directors will hold their position until the next annual general meeting.
Directors – voting	Any question that arises at a meeting of the Board shall be decided by a majority of votes of the Directors at the meeting who are entitled to vote. Subject to the Listing Rules, in the case of an equality of votes on a resolution, the chairperson has a casting vote in addition to a deliberative vote.
Directors – remuneration	Excluding the Executive Directors, the Directors will be paid up to the maximum total sum per annum as may be approved by the Company at a general meeting for their services. The current maximum aggregate sum per annum is $300,000, any changes to which require Shareholder approval. The current remuneration packages for the Directors, including the Executive Directors, are outlined in Section 6.3(b). Pursuant to the Constitution, Non-Executive Directors may be paid for costs incurred in attending meetings, committees, general meetings and/or activities involved with the Company's business.
Indemnities	To the extent permitted by law, the Company indemnifies every person who is or has been a Director or secretary of the Company against any liability incurred by that person as an officer of the Company (including liabilities incurred by the officer as a director or secretary of a subsidiary of the Company where the Company requested the officer to accept that appointment), and reasonable legal costs incurred or allegedly incurred by that person as an officer of the Company (including such legal costs incurred by the officer as an officer of a subsidiary of the Company where the Company requested the officer to accept that appointment). To the extent permitted by law, the Company may advance to an officer an amount which it might otherwise be liable to pay to the officer under the terms of the indemnity outlined above. The Company may enter into a deed with any officer of the Company to give effect to those matters outlined in this paragraph. To the extent permitted by law, the Company may pay a premium for a contract insuring a person who is or has been a Director against liability incurred by that person.
Amendment	The Constitution may be amended only by special resolution passed by at least three-quarters of the votes cast by Shareholders of the Company present (in person or by proxy) and entitled to vote on the resolution at a general meeting of the Company.

10.11 Employee Share and Option Plan (ESOP)

The Company has adopted the ESOP to encourage executives and employees to have a greater

involvement in the achievement of the Company's objectives. Under the ESOP, eligible employees (including executives, officers, employees and Executive Directors) selected by the Plan Committee (or the Board, if no Plan Committee is established) which has been delegated power by the Board to administer the ESOP may be offered Shares or granted Options or Rights. The Company may offer additional incentive schemes to the management and employees over time.

(a) Eligibility

Eligibility to participate in the ESOP and the number of Shares, Options or Rights offered to each individual participant, will be determined by the Plan Committee. Eligible participants include persons who satisfy one or more of the following eligibility requirements and whom the Plan Committee determines to be an eligible participant: (a) full-time or part-time employee of the Company (including any employee on parental leave, long service leave or other special leave as approved by the Plan Committee); (b) an individual who provides services to the Company whom the Plan Committee determines to be an employee for the purposes of the ESOP; (c) director of the Company of a subsidiary of the Company (**Group**) who holds a salaried employment or office in the Group or (d) an Executive Director.

Non-Executive Directors of the Company who do not otherwise meet the aforementioned eligibility requirements are not permitted to participate in the ESOP.

Provided that a Director satisfies the eligibility criteria, then that Director will be eligible to participate in the ESOP, as determined by the Plan Committee from time to time.

(b) Grants

Under the rules of the ESOP, Shares, Options and/or Rights may be offered or granted to eligible employees of the Company from time to time, subject to the conditions (if any) determined by the Plan Committee and specified in the offer or grant.

(c) Terms and conditions

The Plan Committee may set the terms and conditions (including conditions in relation to vesting, disposal restrictions or forfeiture and any applicable exercise price) on which it will offer Shares or grant Options or Rights under the ESOP. The Plan Committee will determine the procedure for offering Shares or granting Options or Rights (including the form, terms and content of any offer, invitation or acceptance procedure) in accordance with the rules of the ESOP.

(d) Ranking of Shares

Shares issued (including Shares issued upon exercise of Options or Rights granted) under the ESOP will rank equally in all respects with the other issued Shares.

(e) Voting and dividend rights of Options and Rights

Options and Rights do not carry any voting or dividend rights. Shares issued or transferred to participants on exercise of an Option or Right carry the same rights and entitlements as other issued Shares, including voting and dividend rights.

(f) Exercise of Options or Rights

A participant may exercise Options or Rights in respect of which the Plan Committee has given a vesting notice and which have not expired or been forfeited. To exercise an Option or Right, the participant must lodge with the Company a signed notice of exercise and comply with any requirements under the rules of the ESOP or as specified by the Plan Committee.

(g) Expiry of Options or Rights

Options and Rights which have not been exercised will expire if the applicable vesting conditions and any other conditions to exercise are not met during the prescribed performance period or if they are not exercised before the applicable expiry date. In addition, Options and Rights will lapse if the participant deals with the Options and Rights in breach of the rules of the ESOP or in the opinion of the Directors, a participant has acted fraudulently or dishonestly.

(h) Vested Options or Rights

If the offer of Shares is subject to vesting conditions, the Board (or the Plan Committee, as the case may be) must give a participant a vesting notice upon the vesting conditions relating to the Shares issued (or transferred) to the participant having been satisfied or waived.

(i) Quotation

Options and Rights will not be quoted on ASX. The Company will apply for official quotation of any Shares issued under the ESOP either upon the issue of unvested Shares or issue of Shares upon exercise of Options or Rights, in accordance with the ASX Listing Rules.

(j) Options exercise price

The Plan Committee may in its absolute discretion determine that a participant is required to pay an exercise price to exercise the Options offered or granted to that participant.

(k) No hedging and no transfer

Without the prior approval of the Plan Committee, unvested Shares, or Options or Rights which have not been exercised, may not be sold, transferred, encumbered or otherwise dealt with. Further, participants cannot enter into any transaction, scheme or arrangement which hedges or otherwise affects the participant's economic exposure to the Shares, Options or Rights before they vest.

(l) Capital limit

Subject to the rules of the ESOP, the Board (or Plan Committee, as the case may be) must not offer Shares, Options or Rights if making the offer would breach the 5% capital limit on the issue of shares as set out in ASIC Class Order 14/1000 in relation to employee share schemes or contravene the Corporations Act, ASX Listing Rules or instruments of relief issued by ASIC from time to time.

To the extent permitted by law, the Board (or Plan Committee, as the case may be) may offer such number of Shares, Options or Rights which is greater than 5% of the issued Shares from time to time, provided that the Company will only issue up to the 5% capital limit as set out in ASIC Class Order 14/1000, with the balance to be issued pursuant to other available exemptions, including, for example, section 708 of the Corporations Act.

(m) Cessation of employment

The ESOP contains provisions concerning the treatment of unvested Shares and Options or Rights in the event a participant ceases employment.

(n) Corporate control event

If a Corporate Control Event occurs (as defined in the ESOP), the Plan Committee may determine that this constitutes an Accelerated Vesting Event (as defined in the ESOP). If an Accelerated Vesting Event occurs or is expected to occur while a participant is employed with the Group, the Plan Committee has the absolute discretion to: (a) bring forward the exercise date of all Options or Rights to a date determined by the Plan Committee and (b) waive or vary any exercise

condition in regard to an Option or Right subject to any shareholder approval requirements in the ESOP.

(o) Capital reconstruction

If there are certain variations of the share capital of the Company including a capitalisation or rights issue, subdivision, consolidation or reduction in share capital, the Board (or Plan Committee, as the case may be) may make such adjustments as it considers appropriate under the ESOP, in accordance with the provisions of the ASX Listing Rules.

(p) Buy-back procedure

The Company may buy-back Shares, Rights or Options in accordance with the terms of the ESOP.

The Company is not required to pay any consideration to a participant in relation to the buy-back of forfeited Shares, Rights or Options.

(q) Costs and administration

The Company must bear any costs incurred in the administration of the ESOP.

(r) Other terms of the ESOP

The ESOP also contains customary and usual terms having regard to Australian law for dealing with administration, variation and termination of the ESOP.

10.12 Escrow Arrangements

It is expected that ASX will, as a condition of approving Mayfield Childcare's application for admission of its Shares for quotation on the Official List, classify certain Shares held by the Existing Shareholders as Restricted Securities.

Prior to the Completion of the Offer, each holder of Restricted Securities (being an Escrowed Shareholder), together with applicable controlling parties, will be required to enter into an appropriate restriction agreement with Mayfield Childcare in respect of their Restricted Securities.

Up to 6,005,000 Shares, being the total number of the Existing Shares, may be classified as Restricted Securities. This will represent approximately 20% of the Shares on issue following the admission of Mayfield Childcare's Shares to quotation on the Official List.

The Company has made submissions to the ASX in respect of its views on the classification of Existing Shares as either Restricted Securities or otherwise, however, the final outcome and decision of the ASX will not be known until the ASX provides its listing decision.

To the extent that Shares are classified as Restricted Securities, then during the relevant Escrow Period for each relevant Escrowed Shareholder, there will be limited circumstances in which the Existing Shareholders may deal with any of their escrowed Shares, including where the dealing arises in connection with:

(a) acceptance of a bona fide takeover bid for all of the Shares on issue provided all of the conditions in ASX Listing Rule 9.18 applicable to a takeover are met and the escrowed Shares continue to be held on the terms of the escrow arrangement if the relevant bid does not become conditional or does not otherwise proceed;

(b) the transfer or cancellation of Shares as part of a scheme of arrangement provided all of the conditions in ASX Listing Rule 9.18 applicable to a scheme of arrangement are met and the escrowed Shares continue to be held on the terms of the escrow arrangement if the relevant scheme does not take effect;

(c) a dealing required by applicable law (including an order of a court of competent jurisdiction); or

(d) the acquisition or cancellation of escrowed Shares under any other reorganisation of capital undertaken by the Company (including any Share buy-back).

However, irrespective of any conditions imposed on certain Shares held by Existing Shareholders, the Directors believe that all Existing Shareholders will voluntarily agree to a two year escrow from the date of issue.

10.13 Authorisation of this Prospectus by the Directors

This Prospectus is authorised by each Director who each consents to its lodgement with ASIC and its issue.

10.14 Costs of the Offer

The Board has estimated that the costs and expenses incurred in the Offer will be approximately $3,683,790, being approximately $2,419,490 for initial public offering transaction costs and approximately $1,264,300 in Mayfield Childcare Centre acquisition costs. The initial public offering transaction costs are made up of the following estimates:

- $746,490 – accounting, legal, banking, corporate and professional advising fees;
- $110,000 – Listing fee;
- $123,000 – advertising the Offer, printing the Prospectus and other share issue costs; and
- $1,440,000 – costs relating to the agreements with the Joint Lead Managers and agents.

The costs and expenses will be funded by the Offer and the Debt Facility outlined in the use of proceeds table on page 12 of this Prospectus and also in Section 9.

10.15 Privacy

By completing an Application Form, you are providing personal information to Mayfield Childcare and Link Market Services Limited as the Share Registry which is contracted by the Company to manage Applications, and you consent to the collection and use of that personal information in accordance with these terms. That personal information will be collected, held and used both in and outside Australia by the Company, and the Share Registry on its behalf, to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. If you do not wish to provide this information, the Company may not be able to process your Application.

Once you become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Company's public Share register. This information must continue to be included in the Company's public Share register even if you cease to be a Shareholder.

The Company and the Share Registry on its behalf, may disclose your personal information for purposes related to your investment to their agents and service providers (which may be located outside of Australia) including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Company's public Share register;
- printers and other companies for the purpose of preparation and distribution of documents and for handling mail;
- the Joint Lead Managers in order to assess your Application;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering and advising on the Offer and for the associated actions.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information that is held by, or on behalf of, the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Company or its Share Registry, details of which are set out elsewhere in this Prospectus. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Share register will be accessible by the public.

Section 11 – Glossary

Section 11 – Glossary

11.1 Glossary

AEDT	Australian Eastern Daylight Time
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
ACECQA	Australian Children's Education and Care Quality Authority
ACN	Australian Company Number
Acquisition Agreements	The agreements and/or deeds pursuant to which Mayfield Childcare will acquire one or more of the Mayfield Childcare Centres
Applicant	Person who submits an Application
Application	An application made to apply for Shares offered under this Prospectus
Application Form	An application form relating to the Offer included in or accompanying this Prospectus (including any personalised Application Forms)
Application Monies	The amount accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
Area Manager	The person responsible for a number of Childcare Centres within a specified geographic area who supports each Centre Director
ASX	ASX Limited or its financial market, the Australian Securities Exchange, as the context requires
ASX BookBuild	A facility to enable a trading participant acting on behalf of an entity to offer and allocate financial products and to enable trading participants to enter bids for those financial products (including where financial products are offered, bid for and allocated by way of the purchase and immediate exercise of rights to subscribe for those financial products)
ASX Recommendations	The currently applicable Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council
ASX Settlement	ASX Settlement Pty Limited or the clearing and settlement facility it operates, as the context requires
ASX Settlement Operating Rules	The operating rules of ASX Settlement
Auditor	PKF Melbourne Audit & Assurance Pty Ltd ABN 75 600 749 184
AUD, A$, $, cents or Australian dollar	Australian currency
Australian Accounting Standards or AAS	Australian Accounting Standards and other authoritative pronouncements issued by the AASB
Average Occupancy	The average number of occupied licensed childcare places in a Childcare Centre during the relevant period of time divided by the number of licensed childcare places available in those Childcare Centres during the relevant period of time, expressed as a percentage

Average Weighted Occupancy	The average total number of occupied licensed childcare places in a group of Childcare Centres during the relevant period of time, divided by the total number of licensed childcare places available in that group of Childcare Centres during the relevant period of time, weighted by the number of licensed places within each individual Childcare Centre, expressed as a percentage
BBSY	Bank Bill Swap Bid Rate
Board	The board of Directors of the Company
Broker	An ASX participating organisation selected by the Company and the Joint Lead Managers to act as a Broker to the Offer
Broker Firm Offer	An invitation by the Joint Lead Managers to investors in Australia to acquire Shares offered under this Prospectus
Business Day	A day that is not a Saturday, Sunday, public holiday or bank holiday in Victoria, Australia
CCB	Childcare Benefit Scheme
CCR	Childcare Rebate Scheme
Centre Director	The director of a Childcare Centre
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGT	Capital gains tax
Chairman	The chairman of the Company, being Peter Lowe at the Prospectus Date
CHESS	Clearing House Electronic Subregister System
Childcare Centre	An Australian licensed long day care centre
Closing Date	The date by which Applications must be lodged for the Offer, being 5:00pm AEDT on 18 November 2016 unless varied.
Company	Mayfield Childcare Ltd ACN 604 970 390
Completion of the Offer	Completion in respect of the issue of Shares pursuant to the Offer
Constitution	Constitution of Mayfield Childcare
Corporations Act	*Corporations Act 2001* (Cth)
CPI	Consumer Price Index
CY	Calendar year
Debt Facility	The debt facility provided to the Company as described in Sections 1.6 and 2.10
Development Centres	Mayfield Childcare Centres which have not been owned by the relevant Vendor for a full 12 month period as at the Prospectus Date
Director	Director of Mayfield Childcare
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Educator	A person employed at a Childcare Centre with primary responsibility for the care of children attending the Childcare Centre
Engagement Letter	The engagement letter between the Company and the Joint Lead Managers dated on or about the Prospectus Date
Enterprise Value	Market capitalisation plus net debt

Escrow Deed	An escrow deed between Mayfield Childcare and an Existing Shareholder
Escrow Period	The relevant period of escrow applicable to the relevant Restricted Securities and/or Escrowed Shareholder, as applicable
Escrowed Shareholder	Each holder of Restricted Securities
ESOP	Mayfield Childcare's Employee Share and Option Plan
Executive Director	An Executive Director of the Company
Existing Shareholders	A holder of one or more Existing Shares
Existing Shares	Shares currently on issue prior to the Offer
Expiry Date	27 November 2017
Exposure Period	The period specified in Section 727(3) of the Corporations Act, being a minimum of seven days from the Prospectus Date, during which an Application must not be accepted. ASIC may extend this period by up to a further seven days after the end of this period
Financial Information	The Historical Financial Information and Forecast Financial Information
Forecast Financial Information	The forecast financial information set out in Section 7
Forecast Period	The period commencing on the date of Listing and ending on 31 December 2017
General Priority Offer	The meaning given in Section 1.7 and as described in Section 9.3
GST	Goods and services tax
Historical Financial Information	The Pro Forma Historical Results and the Pro Forma Historical Balance Sheet
IFRS	International Financial Reporting Standards
Independent Director	A member of the Board as described in Section 6.4
Institutional Investor	An investor to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus (or other formality, other than a formality with which the Company is willing to comply), including in Australia persons to whom offers or invitations in respect of securities can be made without the need for a lodged prospectus under Section 708 of the Corporations Act, provided that such a person is not located in the United States and is not a US Person or acting for the account on behalf of a US Person
Institutional Offer	An offer to Institutional Investors in Australia
Integration Plan	The Company's integration plan, further details of which are set out in Section 2.5
Investigating Accountant	DMR Corporate Pty Ltd ABN 21 657 912 851
Investigating Accountant's Report	The report prepared by the Investigating Accountant in Section 8
Joint Lead Managers	Ord Minnett Limited ABN 86 002 733 048 and Taylor Collison Limited ABN 53 008 172 450 in their capacity as the joint lead managers of the Offer
Large Sized Mature Childcare Centre	A Mayfield Childcare Centre which has a forecast CY17 revenue of more than $2 million
Licence	The service approval provided by ACECQA to an operator of Childcare Centres in respect of a Childcare Centre

Listing	The commencement of trading in Shares on the Official List
Listing Rules	The listing rules for the ASX, with any modification or waivers which the ASX may grant to the Company from time to time
Management	The executives of the Company identified in Section 6.2
Management Agreement	An agreement between the Company and a Third Party Owner pursuant to which the Company will manage one or more Third Party Owned Childcare Centre in return for a management fee
Mayfield Childcare	Mayfield Childcare Ltd ACN 604 970 390, and, as the context requires, by itself or together with one or more group companies, subsidiaries or related bodies corporate from time to time
Mayfield Childcare Centre	Each of the 16 Childcare Centres to be acquired by Mayfield Childcare on Listing in accordance with one or more of the Acquisition Agreements
Medium Sized Mature Childcare Centre	A Mayfield Childcare Centre which has a forecast CY17 revenue of $2 million or less, but more than $1 million
Non-Executive Director	A Director other than an Executive Director
NPAT	Net profit after tax
NQF	National Quality Framework for Early Childhood Education and Care
NQS	National Quality Standard
Offer	The invitation by the Company to apply for Shares under the Broker Firm Offer, General Priority Offer and/or Institutional Offer, under this Prospectus.
Offer Price	The price of Shares offered pursuant to this Prospectus
Official List	Official list of entities that the ASX has admitted to, and not removed, from listing
OH&S	Occupational health and safety
Option	An option issued to a person to acquire, by way of issue, a Share, including those options issued to a participant under the ESOP
Original Prospectus	The prospectus dated 31 October 2016 and lodged with ASIC on that date (which this Prospectus replaces).
Plan Committee	The committee which has been delegated power by the Board to administer the ESOP or if there has been no delegation, the Board
Pro Forma Historical Balance Sheet	The pro forma historical statement of financial position as at the date of Listing
Pro Forma Historical Results	The reviewed pro forma historical income statements for the Mayfield Childcare Centres, normalised to adjust for any non-arm's length transactions identified for the full years ended 30 June 2015 and 30 June 2016, set out in Section 7
Prospectus or Replacement Prospectus	This document dated the Prospectus Date (including the electronic form of this document), and any replacement or supplementary prospectus in relation to this document
Prospectus Date	The date of this Prospectus, being 14 November 2016
Quality Improvement Plan	The quality improvement plan developed by the Company
Regulatory Authority	State and Territory government authorities who take primary responsibility for the administration of the NQF
Related Body Corporate	A related body corporate for the purposes of Section 50 of the

	Corporations Act
Restricted Securities	Has the meaning given to that term in the Listing Rules
Rights	A right issued to a participant under the ESOP to acquire by way of issue or transfer: (a) a Share; or (b) an option to acquire a Share
Section	A Section of this Prospectus
Share	A fully paid ordinary share in the capital of the Company
Share Registry	Link Market Services Limited
Shareholder	A holder of one or more Shares
Small Sized Mature Childcare Centre	A Mayfield Childcare Centre which has a forecast CY17 revenue of $1 million or less
TFN	Tax file number
Third Party Owner	The owner of one or more Third Party Owned Childcare Centres
Third Party Owned Childcare Centre	A Childcare Centre that is not owned by Mayfield Childcare but is, or as the context requires, is proposed to be, managed by Mayfield Childcare under a Management Agreement
Trade Up Childcare Centre	A Mayfield Childcare Centre whose Average Occupancy in FY16 was less than 60%
US Persons	The meaning which applies to that term in relation to the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
Vendor	A vendor of one or more Mayfield Childcare Centres

Section 12 – Corporate Directory

Mayfield Childcare Limited

c/o Drew Robinson Pty Ltd
Level 3, 210 Albert Road
South Melbourne VIC 3205

Directors

Peter Lowe (Chairman)
Dean Clarke (Chief Executive Officer)
Michelle Clarke

Company secretary
Andrew Draffin
DW Accounting Advisory Pty Ltd
Level 2, 395 Collins Street
Melbourne VIC 3000

Auditor

PKF Melbourne Audit & Assurance Pty Ltd
Level 12, 440 Collins Street
Melbourne VIC 3000

Joint Lead Managers

Ord Minnett Limited
Level 23, 120 Collins Street
Melbourne VIC 3000

Taylor Collison Limited
Level 10, 167 Macquarie Street
Sydney NSW 2000

Share Registry

Link Market Services Limited

Australian Legal Adviser

MinterEllison
Level 23, Rialto Towers
525 Collins Street
Melbourne VIC 3000

Corporate Adviser

J.T. Campbell & Co Pty Limited
Level 2, 90 William Street
Melbourne VIC 3000

Investigating Accountant

DMR Corporate Pty Ltd
Level 12, 440 Collins Street
Melbourne VIC 3000