

RedHill Education Limited

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

In accordance with Item 14 of section 633(1) of the *Corporations Act 2001* (Cth), RedHill Education Limited (**RedHill**) attaches its target's statement (**Target's Statement**) in response to the off-market takeover bid by iCollege Limited (**iCollege**) for proposed consideration of 7.6 ordinary shares in iCollege for every one ordinary share in RedHill (**Offer**).

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

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

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

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

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

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

CONTACTS

Glenn Elith
Chief Executive Officer
Email: gelith@redhilleducation.com

Lisa Jones
Company Secretary
Email: lisa.jones@redhilleducation.com

ABOUT REDHILL

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



REDHILL EDUCATION LIMITED

TARGET'S STATEMENT

**YOUR DIRECTORS RECOMMEND THAT
YOU REJECT THE ICOLLEGE OFFER**

REJECT

iCollege Offer

TAKE NO ACTION

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

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

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

Legal Adviser

MinterEllison

Financial Adviser

E&P

For personal use only



Letter from the Chairman

30 April 2021

Dear RedHill Shareholder,

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

You will have recently received from iCollege an unsolicited, highly conditional, off-market, all-scrip offer to acquire your RedHill Shares. ICT is not offering any cash for your RedHill Shares, but instead 7.6 iCollege Shares for every 1 of your RedHill Shares (**Offer**).

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

Importantly, Shareholders who hold or control approximately 15.2% of RedHill Shares, including RedHill's Directors and management, have already informed the Board that they intend to **REJECT** the Offer. This means that the minimum acceptance condition cannot be satisfied.

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

1. the iCollege Offer is opportunistically timed in an attempt to take advantage of the relatively recent weaknesses in RedHill's share price and earnings due to COVID-19;
2. RedHill's recent financial performance is significantly stronger than iCollege and your exposure will be materially diluted through accepting the Offer;
3. iCollege may have a higher risk profile relative to RedHill due to its exposure to short term Government funding and lack of disclosure around its eligibility for VSL funding;
4. iCollege has a poor acquisition track record;
5. as a standalone entity, RedHill has significant operating leverage and capabilities to enable it to quickly recover and grow as international borders open;
6. the Offer's 90% minimum acceptance condition is not capable of being satisfied and therefore synergies are unlikely to be realised; and
7. if you accept the Offer, you risk missing out on a superior offer from another party if one emerges.

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

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

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

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

¹ As at 31 December 2020

campuses, ensures RedHill has significant and immediately available operating leverage to the opening of international borders. Importantly, RedHill's strong cash balance also ensures it is well positioned to continue investing in its business and to participate in value accretive industry consolidation.

Conversely, iCollege is in a weaker position given its lower operating leverage to the opening of international borders, relatively poor track record of M&A, a portion of its revenue and earnings being potentially short term in nature, and its potentially higher risk profile.

As mentioned earlier in the letter, your Directors unanimously recommend you REJECT iCollege's opportunistic and highly conditional Offer. Your Directors will continue to keep you updated on all material developments in relation to the Offer.

In the meantime, if you have any questions in relation to this Target's Statement or your shareholding in RedHill, please call your Shareholder Information Line on 1300 148 799 (for calls made from within Australia) or +61 3 9415 4265 (for calls made from outside Australia), Monday to Friday between 8.30am and 5.00pm (AEST).

Thank you for being a RedHill Shareholder.

Yours sincerely,

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

Stephen Heath
Chairman

Contents

Chairman's letter	2
Contents	4
Key dates	5
Important notices	5
What do your Directors recommend?	7
Your Directors' reasons to REJECT the Offer	7
2. Your Directors' evaluation of the Offer	8
3. Frequently asked questions	20
4. Your choices as a RedHill Shareholder	24
5. Information about the Offer and other important issues	25
6. Profile of RedHill	33
7. Taxation consequences	42
8. Additional information	45
9. Glossary & interpretation	50
Corporate Directory	52

Key dates

Offer announced	22 February 2021
Bidder's Statement lodged with RedHill, ASIC and ASX	9 April 2021
Offer Period commenced	15 April 2021
Date of this Target's Statement	30 April 2021
Date for iCollege to provide Notice of Status of Conditions	10 May 2021
Offer Period closes (unless Offer is extended or withdrawn)	17 May 2021

Important notices

1.1 Target's Statement

This document is a Target's Statement dated 30 April 2021 and is issued by RedHill Education Limited ACN 119 952 493 (**RedHill**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement sets out the RedHill Board's formal response to the off-market takeover offer made by iCollege Limited ACN 105 012 066 (**iCollege**) in its Bidder's Statement.

1.2 ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and ASX on 30 April 2021. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the content of this Target's Statement.

1.3 iCollege information in this Target's Statement

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

1.4 Effect of rounding

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

1.5 Charts and diagrams

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

1.6 No account of personal circumstances

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

1.7 Forward-looking statements

Some statements in this Target's Statement are in the nature of forward-looking statements. You should be aware that these statements are predictions only and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to RedHill as well as general economic conditions and conditions in the financial markets, exchange rates, interest rates and the regulatory environment, many of which are outside the control of RedHill and its Directors. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement.

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

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

1.8 Privacy statements

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

1.9 Shareholder enquiries

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

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

T: 1300 850 505 (within Australia)

T: +61 3 9415 4000 (outside Australia)

E: web.queries@computershare.com.au

1.10 Defined terms

Certain terms used in this Target's Statement have defined meanings, as set out in Section 9 of this Target's Statement.

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

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

What do your Directors recommend?

REJECT the Offer

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

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

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

- 2** RedHill's recent financial performance is significantly stronger than iCollege and your exposure will be materially diluted through accepting the Offer

- 3** iCollege may have a higher risk profile relative to RedHill due to its exposure to short term Government funding and lack of disclosure around its eligibility for VSL funding

- 4** iCollege has a poor acquisition track record

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

- 6** The Offer's 90% minimum acceptance condition is not capable of being satisfied and therefore synergies are unlikely to be realised

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

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

2. Your Directors' evaluation of the Offer

2.1 Recommendation

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

In evaluating the Offer, your Directors encourage you to:

- read the whole of this Target's Statement and the Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the choices available to you and ensure you understand the consequences of those choices, as outlined in Section 4 of this Target's Statement;
- carefully consider Section 2.2 (Reasons why you should **REJECT** the Offer) and Section 5 (Information about the Offer and other important issues) of this Target's Statement; and
- seek independent financial, legal, taxation or other professional advice if you are in any doubt as to what you should do in response to the Offer.

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

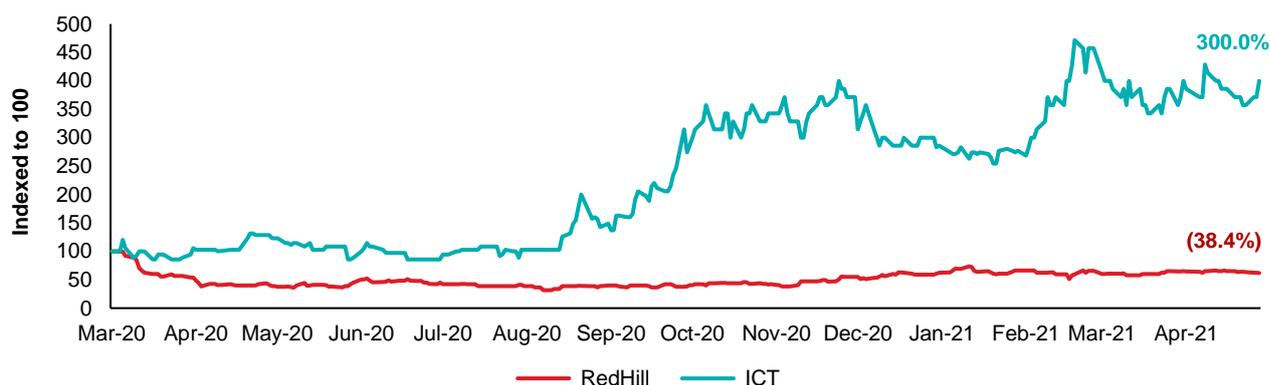
2.2 Reasons why you should REJECT the Offer and TAKE NO ACTION

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

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

The Offer takes advantage of RedHill's relatively higher exposure to the effects of COVID-19, with RedHill's share price falling approximately 38% since 1 March 2020 up to 28 April 2021, compared to iCollege's share price considerably rising approximately 300% during the same period.²

Figure 1: RedHill / iCollege share price performance from 1 March 2020 to 28 April 2021



Source: FactSet as at 28 April 2021

Over the last two years, the Offer consideration has represented an implied discount to RedHill's share price on approximately 77% of trading days³.

² Share price performance shown from 1 March 2020 (March 2020 which was the worst month for the ASX 200 since October 1987, falling 21.2% due to negative sentiment towards COVID-19) to 28 April 2021

³ Implied premium / discount of the iCollege Offer over time is calculated as (iCollege share price x 7.6 exchange ratio) / RedHill share price from 28 April 2019 to 28 April 2021

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



Source: FactSet as at 28 April 2021

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

Accordingly, your Directors consider that the Offer ratio of 7.6 iCollege shares to every 1 RedHill Share materially undervalues RedHill Shares.

Figure 3: Exchange Ratio – last two years⁴



Source: IRESS as at 28 April 2021

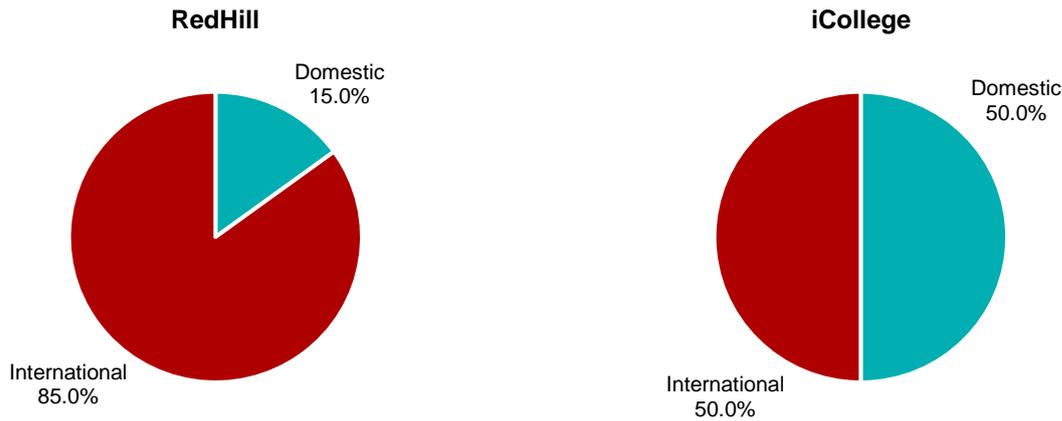
The iCollege Offer opportunistically takes advantage of RedHill’s greater exposure to COVID-19 and the resultant impacts to near-term earnings and cashflow

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

⁴ Calculated as RDH share price divided by iCollege share price on each trading day

For personal use only

Figure 4: FY20 revenue mix



Source: RedHill FY20 Full Year Results Presentation, iCollege "Offer to acquire RedHill Education" Presentation dated 25 March 2021

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

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

Conversely, iCollege's FY20 revenues were comprised of only approximately 50% from the international student market.

As international student volumes begin to increase, RedHill is expected to have greater exposure to these tailwinds and Go Study and ELICOS will be the first divisions within RedHill to realise the associated benefits as it is usual for international students to undertake English language studies as their first course in Australia.

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

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

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

These campuses will provide RedHill significant operating leverage to increasing international student numbers as international borders open, from continued growth in domestic students, and as in-person learning continues to transition back to pre-pandemic levels (discussed further in 5) on page 18).

Despite the above, your Directors and RedHill management are actively managing the cost base and have a number of strategies to minimise lease expenses including sub-leasing, engaging with landlords or not renewing leases as they expire as evidenced in RedHill's 1H21 results presentation dated 26 February 2021.

RedHill's strategy includes active participation in industry consolidation

A key component of the RedHill strategy is to actively participate in industry consolidation, focusing on opportunities where RedHill could leverage its underutilised campus and enter into new curriculum areas or

geographies. Any merger or acquisition activity is expected to provide compelling returns to Shareholders and the iCollege offer does not meet this criteria.

RedHill's business has disproportionately faced greater impacts from COVID-19 and has greater potential upside and operating leverage from the resumption of international student arrivals. In your Directors' view, the iCollege Offer has been opportunistically timed to take advantage of this relative difference and undervalues RedHill Shares.

2) RedHill's recent financial performance is significantly stronger than iCollege and your exposure will be materially diluted through accepting the Offer

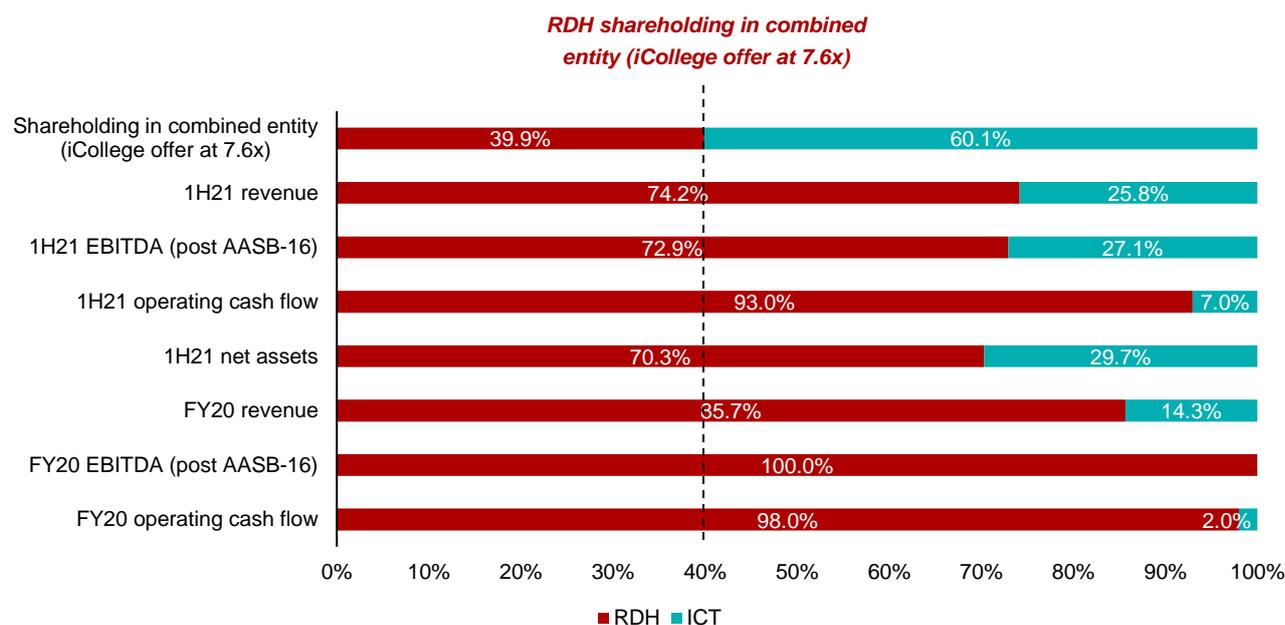
The offer materially dilutes RedHill Shareholder exposure to RedHill's growth potential

If the Offer succeeds, RedHill Shareholders will collectively hold only approximately 40% of the combined entity, but will have contributed:

- 86% of FY20 revenues (74% in 1H21)
- 100% of FY20 EBITDA (73% in 1H21)
- 98% of FY20 operating cash flow (93% in 1H21)

RedHill contributes materially higher earnings and net assets, relative to pro forma ownership of RDH Shareholders at the current offer.

Figure 5: Contribution analysis^{5,6,7}



Source: RedHill and iCollege market disclosures

Consequently, RedHill Shareholders who accept the Offer will suffer significant dilution in their implied exposure to historical net assets and earnings

⁵ Ownership based on exchange ratio of 7.6x, RDH ordinary shares of 50.9m, and iCollege ordinary shares of 581.6m

⁶ 1H21 - revenues are \$22.6m for RDH and \$7.9m for iCollege (includes revenue from contracts with customers for RDH and course income for ICT and excludes other income such as interest income, ATO cash boost, JobKeeper subsidy and DIS grant), EBITDA is \$5.4m for RDH and \$2.0m for iCollege, operating cash flows are \$2.9m for RDH and \$0.2m for ICT, net assets are \$6.9m for RDH and \$2.9m for iCollege

⁷ FY20 - revenues are \$64.6m for RDH and \$10.8m for iCollege, EBITDA is \$10.8m for RDH and (\$1.0m) for iCollege

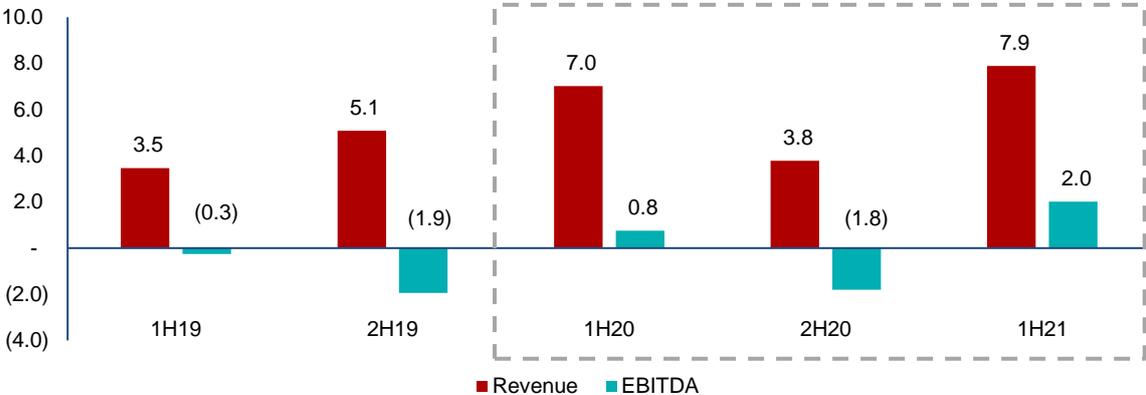
3) iCollege may have a higher risk profile relative to RedHill due to its exposure to short term Government funding and lack of disclosure around its eligibility for VSL funding

Sustainability of iCollege's revenue and earnings are uncertain given its material exposure to short-dated Australian Government funding initiatives

Your Directors are concerned by iCollege's limited history of profitability. Despite listing on the ASX in September 2009, iCollege did not achieve a maiden positive EBITDA until February 2020 when it recorded \$0.8m EBITDA for 1H20.⁸

iCollege's recent performance has been supported by increasing domestic enrolments underpinned by the Government's \$1 billion JobTrainer Fund and infection control training programs with the Pharmacy Guild of Australia and Aegis Aged Care Group. It is uncertain how long revenue generated from this program will last, particularly as COVID-19 emergency conditions subside. When this program ceases, it will likely in your Directors' opinion have a material negative impact of iCollege's financial performance.

Figure 6: iCollege revenue and EBITDA (post AASB16) – last five halves (\$m)



The JobTrainer initiative is a partnership between the Australian Government and state and territory governments to establish a \$1 billion JobTrainer Fund as part of the economic response to COVID-19. iCollege will benefit from the JobTrainer initiative due to its advantageously positioned campuses across Australia and its participation in a number of State Government funding contracts. For example, through Capital Training Institute, iCollege has enrolled \$1.5m worth of training in Building and Construction qualifications and expects to recognise this revenue over a 12-24 month period. However, it is unclear what funding or other benefit iCollege will continue to receive beyond this 24 months, particularly as COVID-19 emergency support subsides.

The \$80m Infection Control Training Fund was established between the Australian Government together with state and territory governments to fast track fee free (or low fee) infection control training to support the re-opening of customer facing businesses nationwide. The Infection Control Training Skill Set was released jointly by Australian and State Governments during the height of the COVID-19 pandemic in 2020. With recent easing of restrictions within states and domestic interstate borders reopening it is unclear how sustainable the earnings from the Infection Control Training Fund will be in the medium to long term. When this program ceases, it may have a material negative impact on iCollege's financial performance.

Your Directors are concerned that the benefit of funding which iCollege receives from the JobTrainer Fund and Infection Control Training Fund are short term in nature and that revenues and earnings associated with this funding will decrease as the vaccine rollout progresses and COVID-19 conditions improve, which may have a material negative impact on iCollege's financial performance.

iCollege does not appear to have VSL funding and may have a higher risk rating than RedHill

⁸ In the ASX announcement 'Maiden EBITDA of \$759,000 achieved' dated 28 February 2020, iCollege stated it had recorded a maiden EBITDA

For personal use only

As noted in 5) below (on page 16) RedHill's powerful brand and reputation is evidenced by receipt of a 'Level 1 Risk Rating' from the Australian Government's Department of Home Affairs, as it relates to the enrolment of international students (best possible rating). iCollege does not disclose its risk rating. If iCollege's risk rating is worse than that of RedHill's, there is a material risk that a combination of RedHill and iCollege will negatively impact RedHill's current risk rating which would weaken RedHill's reputation in the industry and impact RedHill's ability to source students from certain, more attractive, countries.

Further, RedHill receives government funding and tuition support for domestic students, including FEE-HELP, VSL and Commonwealth Supported Place subsidies which demonstrate RedHill's quality offering and reputation. iCollege, despite operating in the VET sector, does not disclose any receipt of similar funding. iCollege's last disclosures in relation to VET sector funding were made in February 2016 where iCollege stated it 'is not exposed to VET FEE-HELP (VFH)...iCollege Executive has taken the position of not pursuing VSL until the new guidelines are published in early 2017'.⁹ Following this, iCollege then disclosed loss of VFH accreditation for its Diploma of Sport Development course.¹⁰ Therefore it is uncertain whether iCollege is in receipt of VSL funding which is important in driving domestic student growth.

Your Directors question iCollege's ability to meet the stringent criteria necessary to qualify for VSL funding. A combination of iCollege and RedHill may carry a material risk of RedHill's businesses losing its VSL status, which would result in a risk to revenue and EBITDA, and potential future loss of government funding sources.

iCollege operates in different curriculum areas to those that RedHill operates in and does not have the knowledge or operating history of RedHill. There is a risk that iCollege will not be able to appropriately integrate and manage the combined businesses.

It is your Board's view that the iCollege business is not as robust and reputationally as strong as RedHill. Further, your Board is concerned that iCollege may be a higher-risk provider from a regulatory perspective, which may put RedHill's own businesses at risk following a combination.

Since iCollege's listing on 4 September 2009 it has never paid a dividend

Figure 8: Total dividends paid by RedHill and iCollege since 4 September 2009 (\$m)



Since iCollege listed on the ASX on 4 September 2009, it has never paid a dividend to iCollege shareholders.

RedHill, on the other hand, began paying dividends in FY18 and announced its intention in FY19 to maintain stable half-yearly dividends (March, September) of \$0.02/share – this was maintained until RedHill prudently revoked its March 2020 dividend payment due to the potential impacts of COVID-19.¹¹ Since 4 September 2009, RedHill has paid \$2.4m in dividends to RedHill Shareholders.

4) iCollege has a poor acquisition track record

Acquisition of Management Institute of Australia resulted in subsequent liquidation and deregistration of its subsidiary companies

In March 2015, iCollege acquired Management Institute of Australia (MIA), which comprised three RTOs being Management Institute of Australia, Management Institute of Australia #1 (MIA #1) and Management

⁹ Page 4 iCollege 1H16 Half Yearly Report and Accounts
¹⁰ Page 5 iCollege FY17 Annual Report
¹¹ RedHill ASX announcement 23 March 2020 - Material Impact of COVID-19 and Revocation of Dividend

Institute of Australia #2 (**MIA #2**). MIA collectively ran a franchise operations model with third party providers delivering accredited training.

In August 2015, the Victorian State Government terminated its contract with MIA #2 as part of a wider investigation into alleged fraud and misconduct within training colleges.¹² In February 2016, iCollege disclosed that it had discovered as part of a review of MIA's compliance and operations a number of inconsistencies with what was portrayed of the business prior to its acquisition resulting in an impairment of \$4.8m of MIA's intangible assets.¹³

In August 2017, all MIA subsidiary companies were placed in liquidation and deregistered as RTOs with ASQA after further investigation uncovered a perceived risk to both iCollege and the VET Sector in general.¹⁴

iCollege has a questionable M&A track record. Given iCollege has made a 100% scrip offer, RedHill Shareholders will be exposed to integration risks and will need to rely upon iCollege's ability to manage and integrate the acquisition of a larger, more scaled business in RedHill.

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

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

Operating under its Greenwich and Technology & Design brands, RedHill is one of only approximately 12 accredited providers out of approximately 4,200¹⁵ in Australia that operate in all three sectors: English Language Intensive Courses for Overseas Students (**ELICOS**), Vocational (**VET**) and Higher Education (**HE**). With its Go Study divisions, RedHill is also able to operate throughout the entire lifecycle of a student's tertiary education experience – from recruitment and placement through ELICOS to vocational, bootcamp, higher education and post qualification short courses.

Table 1: RedHill divisions

	Greenwich	Technology & Design	Go Study
Education Sector	ELICOS and Vocational	Vocational and Higher Education	International Student Recruitment
Student market	International	Domestic & International	International
Number of courses	Vocational: 25 ELICOS: 12	Higher Educational:14 Vocational: 7	Not applicable
Funding source	Fee for service	FEE–HELP, Commonwealth Supported Place and Vet Student Loans (VSL) (Domestic) Fee for service (International)	Commissions as a percentage of tuition fees paid by students to education institutions

With sophisticated learning management systems and the ability to deliver quality online learning, RedHill provides students innovative courses, excellent learning experiences and industry aligned educational outcomes. Furthermore, with diversity in its course offering, RedHill's students enjoy high completion and employment rates are generally greater than 80%¹⁶.

¹² The Age, "Victorian training college contracts terminated amid fraud and misconduct revelations", <<https://www.theage.com.au/national/victoria/victorian-training-college-contracts-terminated-amid-fraud-and-misconduct-revelations-20150817-gj12zt.html>>

¹³ iCollege 1H16 Half Yearly Report and Accounts released 29 February 2016

¹⁴ iCollege 1H17 Half Year Financial Report released 1 March 2017

¹⁵ Australian public and private tertiary education accredited providers including 183 higher education and 4,000 vocational

¹⁶ RedHill's Technology & Design students who find employment within three months of graduation

Figure 10: RedHill courses by sector

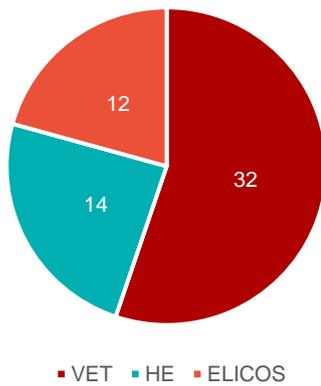
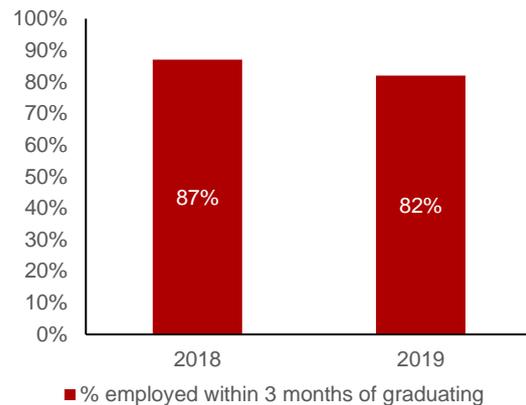


Figure 11: Graduate employment rates¹⁵



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

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

RedHill's businesses operate with robust governance standards, with its academic boards made up of external academics and industry experts, elected staff and student representatives and key management personnel that focus on governance, compliance and quality assurance on all academic areas for both vocational and higher education course offerings. RedHill also belongs to a number of professional peak bodies, including IHEA, English Australia, IEAA, EVCC and ITECA¹⁷, and its senior staff are represented on numerous industry and government committees, which reflects its strong reputation within the sector.

For the enrolment of international students, RedHill has a Level 1 Risk Rating from the Australian Government's Department of Home Affairs (the best rating possible), as measured by criteria including strong financial viability and performance, high student completion rates, low risk source countries and achieving low rates of visa application rejections. Your Directors believe that this is confirmation of RedHill's focus on its high regulatory standards and quality education provision.

iCollege's equivalent risk rating is not disclosed – your Directors believe if it is worse, this could negatively impact RedHill's reputation and business if the Offer was successful.

For the enrolment of domestic students, RedHill's Technology & Design division is one of only 146¹⁸ private VET Registered Training Organisations (RTO) with VET Student Loans (VSL) (out of a total of approximately 4,000 RTOs) and 1 of only 74¹⁹ private providers with FEE-HELP and Commonwealth Supported Places. These loan and subsidy programs are critically important for domestic students to be able to access funding support to further their education and is a key determinant for students in selecting an education provider and course.

Domestic education providers that are eligible to receive government funding and tuition support must meet the requirements of a number of stringent criteria that reflects an operator's high quality, including: student eligibility, academic suitability, compliance with student loan provisions and marketability, and, importantly, the requirement that all Directors and management pass the requisite "Fit and Proper Person Declaration" that is required by the Australian Government²⁰.

¹⁷ Independent Higher Education Australia (IHEA), International Education Association of Australia (IEAA), Education Visa Consultative Committee (EVCC) and Independent Tertiary Education Council Australia (ITECA)

¹⁸ "VET Student Loans Approved Course Providers" <<https://www.dese.gov.au/vet-student-loans/resources/vet-student-loans-approved-course-providers>>

¹⁹ "Providers that offer Commonwealth assistance" <<https://www.studyassist.gov.au/you-study/providers-offer-commonwealth-assistance>> and Courseseeker.edu.au <<https://www.courseseeker.edu.au/institutions?state=>>

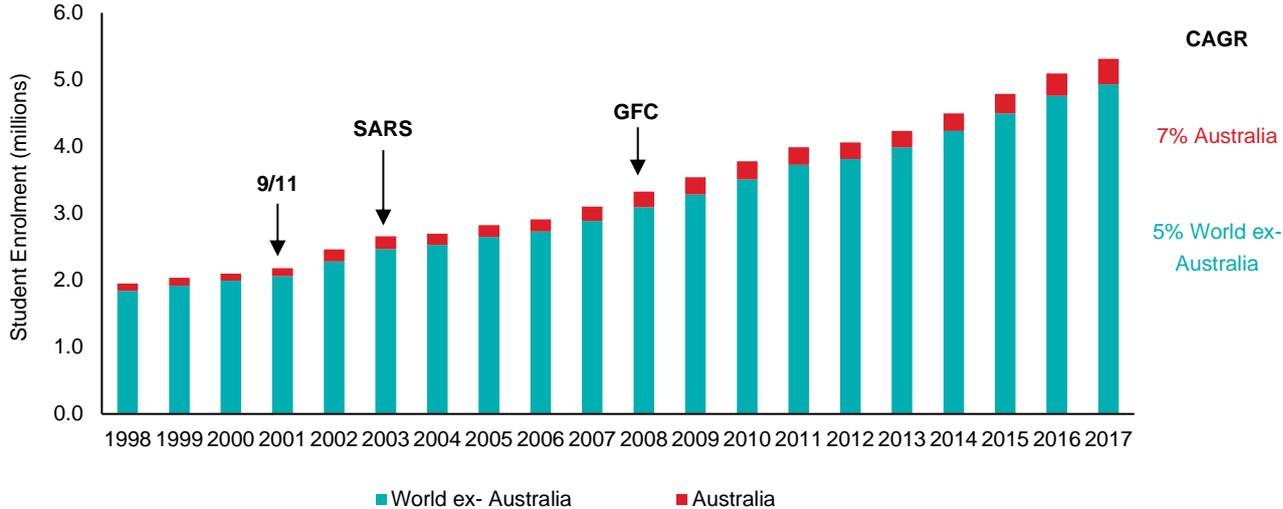
²⁰ "Fit and Proper Person Requirements" <<https://www.legislation.gov.au/Details/F2011L01341>>

iCollege on the other hand, despite operating in the VET sector, does not disclose whether it receives VSL and your Directors question iCollege’s ability to meet the stringent criteria necessary to qualify for VSL funding.

The international education sector has historically been resilient to economic and industry shocks

Prior to COVID-19, the international education sector represented Australia’s fourth largest export and has historically been resilient to various economic and industry shocks e.g. SARS and the GFC. Your Board believes this suggests that international student volumes are likely to recover relatively quickly when borders reopen, especially in the light of the approval and roll out of COVID-19 vaccines. In addition, with most international students first studying English language when they arrive into Australia, RedHill’s substantial ELICOS operations are well placed to recover more quickly than other VET or Higher Education courses.

Figure 12: Global international student enrolments



Source: UNESCO Institute for Statistics

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

On 30 November 2020, Australia received the first arrival of international students since March 2020 as part of the Charles Darwin University (CDU) pilot program approved by both Northern Territory and Australian Governments.²¹ Following the success of the first charter flight, CDU is continuing to work with the Northern Territory and Australian governments to plan for the arrival of international students into the NT.²²

As announced in its 1H21 results, the NSW State Government has approved RedHill to participate in its planned upcoming program to re-commence international student arrivals into New South Wales. The NSW Government has stated its intention to continue to work closely with the Commonwealth Government and education sector with the clear aim of having international students back in 2021.²³

This continued effort is demonstrated by NSW Treasury recently advertising for expressions of interest for an international student accommodation quarantine program (closed on 12 April 2021), citing the return of international students “as soon as possible is vital for retaining jobs in our education sector”. The advertisement invites purpose-built student accommodation providers based in the Sydney CBD or its fringe

²¹ ABC News, “International students land in Australia for first time since Coronavirus shuttered borders”, <<https://www.abc.net.au/news/2020-11-30/international-students-arrive-in-australia-coronavirus-nt/12933370>>
²² Study International, “Meet the Charles Darwin University students on board the first and only charter flight to return to Australia in 2020”, <<https://www.studyinternational.com/news/meet-the-cdu-students-on-board-the-first-flight-to-return-to-australia-in-2020/>>
²³ Study International, “Paused: Pilot plan to return international students to NSW”, <<https://www.studyinternational.com/news/universities-in-new-south-wales/>>

to submit an expression of interest “with a view of forming a panel of eligible providers to house international students coming into NSW for the 14-day quarantine period”.²⁴

Your Board is optimistic that the NSW Government plan will commence later in 2021 and is unlikely to be significantly delayed by slower than expected vaccination rollouts or repatriation of Australian residents as students will arrive on chartered airplanes and will be required to undergo 14 days quarantine at facilities that are not being used for returning Australian citizens and residents.

RedHill is actively engaging with Commonwealth and State Governments and industry associations to participate in initiatives supporting the resumption of international student arrivals.

Your Directors believe RedHill will outperform when international travel recommences. Your Directors believe Australia will be a considerably more attractive destination for international students than other English-speaking countries such as the UK or the USA once borders reopen due to Australia’s handling of COVID-19. RedHill has significant operating leverage to increasing student numbers without the need to increase lease costs as highlighted in Figure 13.

RedHill’s domestic business has been growing strongly and RedHill continues to invest in new courses

RedHill’s domestic student numbers have been growing and the business has displayed agility in difficult operating conditions.

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

Despite cost rationalisation initiatives, investment in new courses has continued. Three new undergraduate certificate courses were granted accreditation and approved for FEE-HELP in November 2020 and will be launched in 2021. Further plans for an additional three courses for domestic vocational students are in final stages and will also be launched in 2021.²⁵

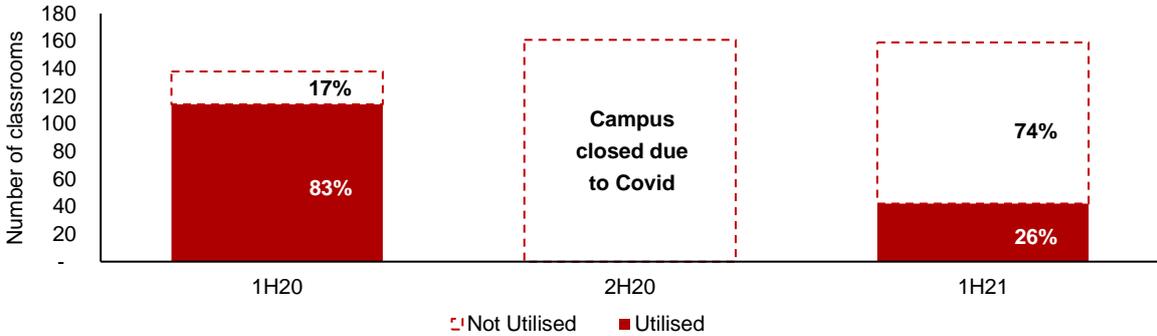
RedHill’s significant operating leverage positions the business well as Australia comes out of COVID-19 and as international student volumes increase

While the RedHill business has been impacted by a decrease in international students in Australia, this is expected to continue only while international travel restrictions are in place. As discussed above in 5) (on page 17), the international student market has historically been resilient to market shocks and is similarly expected to recover from its COVID-19 impacts.

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

Further, latent capacity in classrooms provides significant operating leverage as student numbers increase. The new campuses at Mary Street, Sydney and Spencer Street, Melbourne are currently underutilised and will provide immediate upside once borders are fully reopened to international students and in person teaching increases again. As illustrated in Figure 13, as at 31 December 2020, only 26% of classrooms were utilised which provides significant upside potential.

Figure 13: RedHill number of classrooms and % utilisation



²⁴ The Sydney Morning Herald, “International students to get alternative quarantine in NSW plan to boost unis”, <<https://www.smh.com.au/national/nsw/international-students-to-get-alternative-quarantine-in-nsw-plan-to-boost-unis-20210401-p57fwu.html>>

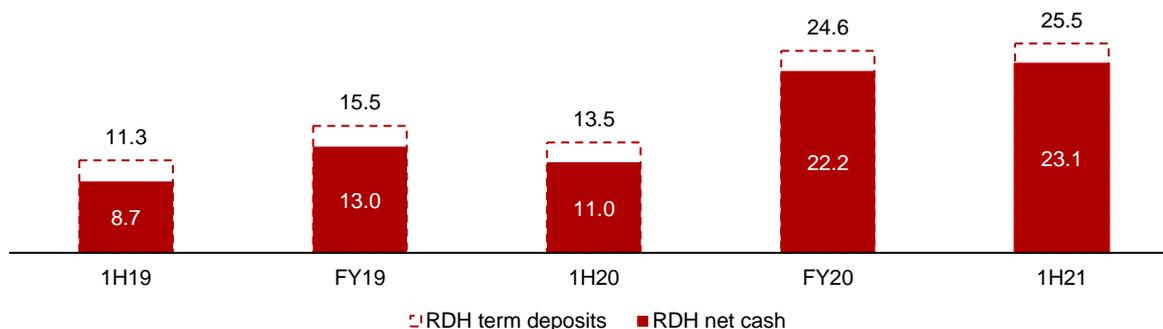
²⁵ See RedHill Market Update ASX announcement, released 6 January 2020

RedHill has a strong cash balance which gives it significant flexibility to weather the continued impacts of COVID-19 as well as invest for growth as the market recovers

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

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

Figure 14: Net cash / (debt) (\$m)



Source: RedHill market disclosures

RedHill has an experienced executive team and a revitalised Board

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

There has also been a number of recent Director appointments to sharpen the focus on inorganic and organic strategic growth initiatives, including the appointment of experienced non-executive Directors Sandra Hook and Stephen Heath in September 2019, to join long standing Director William Deane who has been on the Board of RedHill since May 2006. Director biographies can be found in Section 6.3 of this Target's Statement.

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

Your Board believes that RedHill has been materially impacted by its exposure to COVID-19. However, with the combination of its robust balance sheet, strong reputation and course offering, high operating leverage to increasing student numbers, growth in its domestic market and strong governance, RedHill is strongly positioned to benefit from a recovery. The iCollege Offer significantly dilutes your exposure to RedHill's potential strong performance when international students return.

6) The Offer's 90% minimum acceptance condition is not capable of being satisfied and therefore synergies are unlikely to be realised

Shareholders who hold or control 15.2% of RedHill shares do not intend to accept the Offer

The Offer is subject to four material conditions and a further number of sub-conditions, including a 90% minimum acceptance condition, which are set out in Section 5.2 of this Target's Statement.

Welas Pty Ltd (7.4%), Microequities Asset Management Pty Ltd (4.0%), Supreme Camillo Capital Ltd (2.5%) and Exto Partners Australia Pty Ltd (0.5%) who hold or control in aggregate 14.3% of RedHill Shares on

issue²⁶, have informed RedHill that they do not intend to accept the Offer in respect of the RedHill Shares that they each hold or control.

The 14.3% held or controlled by the RedHill Shareholders above, combined with the 0.9% of RedHill Shares held or controlled by your Directors and management²⁷, results in RedHill Shareholders representing 15.2% of RedHill Shares on issue intending not to accept the Offer.

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

Limited acceptances received as of the date of this Target Statement

As of the day prior to the date of this Target's Statement, nil percentage of RedHill Shares have accepted the Offer.

Most synergies are unlikely to be achieved as iCollege cannot acquire 100% of RedHill

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

Given that RedHill Shareholders holding or controlling in aggregate 15.2% of RedHill Shares on issue do not intend to accept the Offer, iCollege will not control 100% of RedHill and **the purported synergies generated from the Offer will, in your Directors' view, be minimal (if any).**

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

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

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

As at the date of this Target's Statement, RedHill is currently engaged in meaningful discussions with UCW which submitted a competing Offer to RedHill on 14 December 2020 and has extended its offer until 14 May 2021.²⁸ RedHill will continue to keep Shareholders informed of any material developments in relation to the UCW Offer, including any revisions.

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

While there can be no certainty that a superior proposal will emerge, the Board is committed to exploring all options that are in the best interests of and have the potential to maximise value for RedHill Shareholders.

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

²⁶ As at the date of this Target's Statement, Welas Pty Ltd (7.4%), Microequities Asset Management Pty Ltd (4.0%), Supreme Camillo Capital Ltd (2.5%) and Exto Partners Australia Pty Ltd (0.5%) hold or control 14.3% of RedHill shares in aggregate. Percentages based on RedHill total shares on issue of 50.9m. Note the holdings have been rounded to one decimal place

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

²⁸ RedHill ASX announcement (23 March 2021) – RDH Response to UCW Extension of Offer Period

3. Frequently asked questions

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

Question	Answer
The Offer	
What is iCollege offering for my RedHill Shares?	iCollege is offering 7.6 iCollege Shares for every 1 RedHill Share, with any fractional entitlement being rounded up to the nearest whole iCollege Share if that fraction is 0.5 or more, and rounded down to the nearest whole iCollege Share if that fraction is less than 0.5.
Who is iCollege?	iCollege is an ASX listed (ASX: iCollege) Australia based company that provides vocational training through eight campuses. iCollege's course offering includes hospitality, health and community services, building and construction, business, information technology and ELICOS. As at the date of announcing its Offer, iCollege had no relevant interest in RedHill Shares.
What choices do I have in response to the Offer?	As a Shareholder you have the following three choices in respect of your RedHill Shares: <ul style="list-style-type: none"> ▪ REJECT the Offer and remain a RedHill Shareholder – to reject the Offer simply DO NOTHING – ignore all documents sent to you by iCollege. This option is your Directors' unanimous recommendation; ▪ sell your RedHill Shares on the ASX (unless you have previously accepted the Offer). As at the date of this Target's Statement, the VWAP of RedHill Shares since iCollege announced its Offer is A\$0.84 per Share²⁹. ▪ accept the Offer by following the instructions set out in section 3 of the Bidder's Statement. <p>There are implications for you in relation to each of these choices. An outline of these implications is set out in Section 4 of this Target's Statement.</p>
Will RedHill remain listed on the ASX?	That depends on the outcome of the Offer. In the event the Offer is successful and iCollege acquires 90% of RedHill Shares, iCollege has stated that it will proceed to compulsorily acquire the Shares of RedHill Shareholders that do not accept the Offer. This will result in RedHill being delisted. If iCollege controls more than 50.1% but less than 90% of RedHill Shares, and then only if iCollege declares the Offer unconditional or the 90% minimum acceptance condition to the iCollege Offer is waived or satisfied, iCollege may also have the ability to remove RedHill from the official list of ASX subject to certain ASX requirements being satisfied. See Section 5.5 for further details.
Does the Offer extend to all RedHill Shares?	Yes. The Offer extends to all existing RedHill Shares and to all new RedHill Shares that are issued after the date of the Offer.
How to respond to the Offer	
What do your Directors recommend?	<u>Your Directors unanimously recommend that you REJECT the Offer, for the reasons set out in Section 2.2 of this Target's Statement.</u> If there is a change to this recommendation or any material developments in relation to the Offer, RedHill will keep you fully informed.
What do your Directors intend to do with their own Shares?	All of your Directors intend to REJECT the Offer.

²⁹ Calculated using the cumulative volume and cumulative value of RedHill Shares traded over the period on and from 22 February 2021 to 29 April 2021 inclusive (source: IRESS).

Question	Answer
When do I have to make a decision?	<p>If you wish to follow your Directors' unanimous recommendation to REJECT the Offer, you do not need to do anything. You should IGNORE all documents received from iCollege.</p> <p>If you wish to accept the Offer, you must do so before its scheduled closing date. iCollege has stated that its Offer remains open until 7.00pm (Melbourne time) on 17 May 2021. iCollege has reserved the right to extend the Offer Period in accordance with the Corporations Act. In addition, the Offer Period may be extended automatically in certain circumstances. See Section 5.7 of this Target's Statement for details of the circumstances in which the Offer Period can be extended.</p>
Will iCollege increase its Offer?	RedHill cannot say whether iCollege will increase its Offer as this is a matter for iCollege.
What happens if iCollege increases its Offer or another offer emerges?	<p>If iCollege increases its Offer or another offer emerges from another party, your Directors will carefully consider the revised Offer and advise Shareholders accordingly.</p> <p>As you would be aware, there is a current rival offer for your RedHill Shares from UCW which your Directors have also recommended that you REJECT.</p>
What happens if I accept the Offer and a superior offer is subsequently made by a third party for my RedHill Shares?	<p>If you accept the Offer, you cannot withdraw except in one limited circumstance: if iCollege varies its Offer in a way that postpones for more than one month the time by which iCollege must meet its obligations under its Offer. For example, if iCollege extends the Offer Period for more than one month while its Offer remains conditional.</p> <p>You will be unable to accept any other superior offer that may emerge if you have accepted the Offer. As at the date of this Target's Statement, your Directors are not aware of any other offer, other than the UCW Offer. If any other offer is made or any circumstances occur which, in the opinion of your Directors may eventuate in an alternate offer for your RedHill Shares, RedHill will update RedHill Shareholders on all material developments.</p>
What happens if I do nothing?	<p>If you do nothing you will keep your Shares and you will remain a RedHill Shareholder.</p> <p>However, if iCollege becomes entitled to do so, iCollege has stated that it intends to compulsorily acquire your RedHill Shares. See Section 5.6 of this Target's Statement for more details.</p> <p>If iCollege acquires between 50% and 90% of RedHill Shares under the Offer, and then only if iCollege declares the Offer unconditional or the 90% minimum acceptance condition to the iCollege Offer is waived or satisfied, you will be a minority Shareholder in RedHill. The implications of this outcome are described in Section 5.4 of this Target's Statement.</p>
What are the risks associated with continuing to hold RedHill Shares?	Those risks are outlined in Section 6.5 of this Target's Statement.
What are the risks associated with accepting the Offer and holding iCollege shares?	<p>The effect of accepting the Offer is set out in section 6.2 of Schedule 1 of the Bidders Statement. Once you have accepted the Offer, you will be unable to revoke your acceptance or otherwise dispose of your RedHill Shares and the contract resulting from your acceptance will be binding on you, unless:</p> <ol style="list-style-type: none"> by the end of the Offer Period, the Offer automatically terminates due to an unsatisfied or unwaived Condition; or the circumstances set out in section 650E of the Corporations Act apply and you are able to withdraw your acceptance as noted immediately below. <p>If you accept the Offer, and the Offer becomes unconditional, you will become a shareholder of iCollege and be exposed to the risks of holding iCollege Shares. These risks are more fully described in section 8 of the Bidder's Statement.</p>
If I accept the Offer now, can I withdraw my acceptance later?	<p>No, except in one limited circumstance.</p> <p>You may only withdraw your acceptance before the Offer Periods ends if iCollege varies its Offer in a way that postpones the period iCollege is required to satisfy its obligations by more than one month and the iCollege Offer is still subject to one or more Conditions. This circumstance will occur if iCollege extends the Offer Period by more than one month while the iCollege Offer is still subject to any Condition.</p>
Can iCollege extend the closing date of its Offer?	Yes. The Offer remains open until 7.00pm (Melbourne time) on 17 May 2021, unless it is withdrawn or extended under the Corporations Act.

Question	Answer
	<p>In addition, the Offer Period may be extended automatically in certain circumstances. See Section 5.7 of this Target’s Statement for details of the circumstances in which the Offer Period can be extended.</p>
<p>Can I be forced to sell my RedHill Shares?</p>	<p>You cannot be forced to sell your RedHill Shares unless iCollege is legally allowed to proceed to compulsory acquisition of RedHill Shares. This will only occur if iCollege acquires at least 90% of all RedHill Shares (under the Offer or otherwise) and it elects to proceed to compulsorily acquire the outstanding RedHill Shares.</p> <p>If iCollege does compulsorily acquire the outstanding RedHill Shares following its acquisition of at least 90% of RedHill Shares under the Offer, you will receive the same Offer Consideration for your RedHill Shares that you would have received under the Offer, but it will take longer for you to receive the Offer Consideration.</p> <p>For more information about compulsory acquisition refer to Section 5.6 of this Target’s Statement.</p>
<p>Can I accept the Offer for only some of my RedHill Shares?</p>	<p>No. The terms of the Offer allow you to accept the Offer only for all of your RedHill Shares. Special rules apply to nominees and others holding RedHill Shares for different accounts.</p>
<p>When will I receive the Offer Consideration if I accept the Offer?</p>	<p>It is important to understand that even if you accept the iCollege Offer, you will not receive the Offer Consideration unless all of the Conditions are satisfied or waived. If the iCollege Offer becomes unconditional, you will receive your Offer Consideration by the earlier of:</p> <ul style="list-style-type: none"> ▪ one month after the date of your acceptance of the iCollege Offer or, if the iCollege Offer is subject to a Condition when you accept the iCollege Offer, within one month after the contract arising from your acceptance of the iCollege Offer becomes unconditional; and ▪ 21 days after the end of the Offer Period.
<p>Will I need to pay brokerage or stamp duty if I accept the Offer?</p>	<p>If your RedHill Shares are registered in your name in an Issuer Sponsored Holding (your SRN starts with an ‘I’), you will not incur any brokerage fees or pay stamp duty in connection with your acceptance of the Offer.</p> <p>If your RedHill Shares are registered in a CHESS Holding (your HIN starts with an ‘X’), or if you are a beneficial owner whose Shares are registered in the name of a broker, bank, custodian or other nominee, you will not pay stamp duty by accepting the Offer. However, you should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.</p> <p>You may incur brokerage costs if you choose to sell your RedHill Shares on the ASX.</p>
<p>Are there any taxation implications of accepting the Offer?</p>	<p>A general outline of the tax implications for certain Australian-resident RedHill Shareholders of accepting the Offer is set out in Section 7 of this Target’s Statement. As that outline is general in nature and does not take into account your individual circumstances, you should not rely on that outline as advice for your particular circumstances.</p> <p>You should seek your own independent advice on the taxation implications applicable to your specific circumstances.</p>
<p>Are there any conditions to the Offer?</p>	<p>Yes, the iCollege Offer is subject to a number of conditions, including:</p> <ul style="list-style-type: none"> ▪ 90% minimum acceptance condition; ▪ regulatory approvals including ACCC; ▪ no prescribed occurrences; and <p>no material adverse change; The Conditions are set out in full in section 6 of Schedule 1 of the Bidder’s Statement; and</p> <p>To receive the Offer Consideration, all of the Conditions must be satisfied or waived by iCollege before the Closing Date of the iCollege Offer. Please refer to Section 5.2 of this Target’s Statement for a discussion of the Conditions and their implications.</p>
<p>Are there any risks in accepting iCollege Offer while it is still conditional?</p>	<p>Yes. If you accept iCollege Offer now while the iCollege Offer is subject to Conditions, there are significant consequences for you including the following:</p> <ul style="list-style-type: none"> ▪ you will give up your right to sell your RedHill Shares on the ASX or to otherwise deal with them;

Question	Answer
	<ul style="list-style-type: none"> ▪ you will give up your right to accept any superior offer from another bidder if such an offer is made; and ▪ you will give up control of your RedHill Shares and the Rights attaching to them to iCollege with no guarantee of payment until iCollege's Offer becomes unconditional, <p>subject in each case to your right to withdraw your acceptance of the iCollege Offer in the limited circumstance outlined above in response to the question 'If I accept the Offer now, can I withdraw my acceptance later?'.</p>
<p>What happens if I accept iCollege's Offer and the Conditions are not satisfied or waived?</p>	<p>If the Conditions are not satisfied and iCollege has not waived the Conditions before the end of the Offer Period, the iCollege Offer will lapse and your acceptance of iCollege's Offer will be void and of no effect whatsoever. In this circumstance it means that:</p> <ul style="list-style-type: none"> ▪ you will not receive any Offer Consideration for your RedHill Shares from iCollege; and ▪ you will continue to own your RedHill Shares and you will then be free to deal with them.
<p>How will I know if iCollege's Offer becomes unconditional?</p>	<p>iCollege is required to inform RedHill, ASX and Shareholders as soon as any Conditions are satisfied or waived.</p> <p>Notices from iCollege will be available via RedHill's ASX company announcements platform.</p> <p>iCollege has set 10 May 2021 as the date on which it will give RedHill and ASX a notice required by law on the status of the Offer Conditions. This date will be extended if the Offer Period is extended.</p>
<p>What if I have further questions?</p>	<p>You should contact your legal, financial, taxation or other professional adviser. If you have any questions about the Offer or this document, please call the RedHill information line on 1300 148 799 or +61 3 9415 4265 (Monday to Friday between 8.30am and 5.00pm (AEST)).</p> <p>If you have questions about your RedHill shareholding, please contact Computershare directly:</p> <p>Phone: 1300 850 505 (within Australia) Phone: +61 3 9415 4000 (outside Australia) Email: web.queries@computershare.com.au</p>

4. Your choices as a RedHill Shareholder

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

You have the following three choices available to you:

1. REJECT THE OFFER

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

If you decide to do nothing, you should be aware of the risks associated with rejecting the Offer, including the rights of iCollege to compulsorily acquire your RedHill Shares in certain circumstances. For further information on these risks, refer to Section 5.3(a) of this Target's Statement (on page 28).

2. SELL YOUR REDHILL SHARES ON THE ASX

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

As at the date of this Target's Statement, the VWAP of RedHill Shares since iCollege announced its Offer is A\$0.84 per Share³⁰.

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

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

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

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

3. ACCEPT THE OFFER

RedHill Shareholders who accept iCollege's Offer:

- will not receive the Offer Consideration unless and until each of the Conditions of iCollege's Offer are satisfied or waived;
- will not be able to withdraw their acceptance and sell their RedHill Shares, meaning that they would not be able to accept any offer from a competing bidder if one eventuates, except in certain limited circumstances. See Section 5.7 of this Target's Statement; and
- will exit their investment in RedHill completely and will not benefit if the market price for RedHill Shares on the ASX trades above the Implied Offer Value.

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

Refer to Section 3 of the Bidder's Statement for directions on how to accept the Offer.

³⁰ Calculated using the cumulative volume and cumulative value of RedHill Shares traded over the period on and from 22 February 2021 to 29 April 2021 inclusive (source: IRESS).

5. Information about the Offer and other important issues

5.1 Summary of the Offer

Topic	Summary
The Offer	iCollege is offering to acquire all of your RedHill Shares. Your Directors unanimously recommend that you REJECT the Offer and ignore all documents from iCollege. You may accept the Offer for only All of your RedHill Shares. You cannot accept the Offer for part of your holding.
Offer Consideration	iCollege is offering 7.6 iCollege Shares for every 1 RedHill Share you hold.
Implied Offer Value	The Implied Offer Value of the Offer is A\$1.03 for every RedHill Share ³¹ . RedHill Shareholders should be aware that the Implied Offer Value may vary depending on the underlying price at which iCollege Shares trade. The RedHill share price is A\$0.84 as at 29 April 2021.
Conditions	iCollege's Offer is subject to a number of Conditions. See Section 5.2 of this Target's Statement for further details of your Directors' assessment of these Conditions. The Conditions are set out in full in section 6 of Schedule 1 to the Bidder's Statement. The Offer Consideration will only be received if all of the Conditions of iCollege's Offer are satisfied or waived.
Offer closing date	The Offer is scheduled to close at 7.00pm (Melbourne time) on 17 May 2021 unless the Offer is extended or withdrawn.
Procedural aspects	The Offer Period may be extended by iCollege. The Offer Period may be required by law to be extended in certain circumstances. The Offer may be withdrawn in limited circumstances. iCollege must notify RedHill and the ASX on the status of Conditions by a certain date. If you accept iCollege's Offer and all of the Conditions are satisfied or waived, iCollege is required to provide your Offer Consideration within a certain timeframe. These and other procedural aspects of the Offer are outlined in Section 5.7 of this Target's Statement.

5.2 Conditions of the Offer

iCollege's Offer is subject to a number of Conditions which are set out in full in section 6 of Schedule 1 of the Bidder's Statement.

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

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

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

³¹ Based on \$0.135, being the closing price that ICT Shares traded on 29 April 2021

Condition (adopting the Condition numbering in section 6.1 of the Bidder's Statement)		Likely to be satisfied?
a	<p>90% Minimum Acceptance Condition: Before the end of the Offer Period, iCollege has relevant Interest in more than 90% (by number) of RedHill Shares.</p>	<p>No. RedHill has received letters from Shareholders holding more than 10% of RedHill Shares stating they do not support the Offer and do not intend to accept it in respect of the RedHill Shares they own or control.</p> <p>This Condition is wholly outside RedHill's control.</p> <p>As at the date of this Target's Statement, UCW has a relevant 17.2% interest in RedHill Shares. If UCW maintains this relevant interest and the RedHill Shareholders who have accepted into UCW's Offer do not withdraw their acceptances, this Condition will be unable to be satisfied.</p>
b	<p>Regulatory Approvals including ACCC: Before the end of the Offer Period, certain regulatory approvals:</p> <ul style="list-style-type: none"> a) are granted, given, made or obtained unconditional, or on the basis of conditions that impose only non-material requirements incidental to the approval or consent; b) remain in full force and effect; and c) do not become subject to any notice, indication or intention to revoke, suspend, restrict, modify or renew them, <p>including any necessary clearances and authorisations, on conditions acceptable to iCollege, from the Australian Consumer and Competition Commission and the Australian Competition Tribunal.</p>	<p>Unknown. Nothing has come to the attention of the RedHill Board which indicates that this Condition will not be satisfied. However, unforeseen events may emerge during the Offer Period which are partially or wholly outside RedHill's control and which may lead to a breach of this Condition.</p>
c	<p>No prescribed occurrences: Before the end of the Offer Period, there is no occurrence of a Prescribed Occurrence (as defined in the Bidders Statement). The definition of Prescribed Occurrence includes but is not limited to:</p> <ul style="list-style-type: none"> a) conversion of any shares into a larger or smaller number of shares; b) reduction of share capital; c) buy-back; d) distribution; e) issuing shares or options; f) issuing of securities or other instruments; g) adopting, modifying or repealing the constitution; h) disposes or agrees to dispose of, the whole or a substantial part of its business or property; i) acquisitions, disposals or tenders the value of which exceeds \$250,000; j) an encumbrance is created over the whole or a substantial part of its business or property; k) any person is appointed to the board other than those nominated by iCollege; l) a member of Redhill increases remuneration, varies employment arrangements or accelerates rights of any directors; m) any termination or retention payment is paid, other than those disclosed at the time of the Bidder's Statement; n) commitments and settlements over \$250,000; o) amends any material respect of any arrangement with the financial adviser; p) capital expenditure undertaken or agreed in excess of \$500,000; q) an insolvency event occurs; r) financial accommodation provided in excess of \$250,000; 	<p>RedHill is managing its workforce on a continual basis in line with operational requirements. For parts of the business which are in decline due to the impacts of COVID-19 this means that certain vacant positions are not being immediately refilled, and some roles are under consideration for removal from the organisational structure which may result in some employees being made redundant.</p> <p>Any redundancies incurred will technically breach prescribed occurrence (m) of ICT's Offer but RedHill does not consider this to be a material breach of the relevant Condition as the average redundancy payment is expected to be equivalent to approximately 3 months salary, after which time the organisation will realise overhead and cash payment savings.</p> <p>The RedHill Board does not seek to intentionally frustrate the Offer, however given the extent to which this and related Conditions restrict RedHill's ordinary activities over a potentially lengthy period of time, your Directors consider it is reasonable for normal workforce planning activities to continue as they are in the best interests of RedHill's shareholders.</p> <p>RedHill will make any decision to pursue any workforce changes, or take any other action, having regard to the best interests of RedHill Shareholders, the fiduciary duties of RedHill and its Directors and the applicable policies of the Takeovers Panel. After consideration of those circumstances, iCollege would then need to consider whether it may seek to rely on a breach of this or related Conditions.</p>

	<p>s) action take or omitted which results in a material breach of law;</p> <p>t) varying of accounting policy;</p> <p>u) transaction entered into with any related party of RedHill; and</p> <p>v) RedHill or any member do anything that results in a taxable gain by removing a subsidiary or causing RedHill to cease being a Consolidated Group.</p>	<p>If iCollege decides to rely on a breach of this or related Conditions, iCollege may not proceed with the Offer and any contract resulting from an acceptance will become void.</p>
<p>d</p>	<p>No Material Adverse Change: before the end of the Offer Period, there is no occurrence of a material adverse change.</p>	<p>Unknown. Nothing has come to the attention of the RedHill Board which indicates that this Condition will not be satisfied. However, unforeseen events may emerge during the Offer Period which are partially or wholly outside RedHill's control and which may lead to a breach of this Condition.</p>

5.3 Risks associated with the Offer

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

(a) Risks associated with rejecting the Offer

If you choose to **reject** the Offer, you will not receive the Offer Consideration (iCollege Shares) for your RedHill Shares. Instead you will remain a RedHill Shareholder and will continue to be subject to the risks associated with holding RedHill Shares. A non-exhaustive summary of those risks is set out in Section 6.5 of this Target's Statement.

If you choose to **reject** the Offer and iCollege acquires less than 90% of RedHill Shares, and then only if iCollege declares the Offer unconditional or the 90% minimum acceptance condition to iCollege's Offer is waived or satisfied, you will also be exposed to the minority Shareholder risks described in Section 5.4 of this Target's Statement.

(b) Risks associated with accepting the Offer.

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

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

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

You may also be liable to pay tax on the disposal of your RedHill Shares which may have financial consequences for some RedHill Shareholders. See Section 7 of this Target's Statement for further details of the tax consequences of accepting the Offer.

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

The effect of accepting the Offer is set out in section 6.2 of Schedule 1 of the Bidder's Statement. RedHill Shareholders should read those provisions in full to understand the effect that acceptance will have on their ability to exercise the Rights attaching to their RedHill Shares and the representations and warranties which they give by accepting iCollege Offer.

In particular, RedHill Shareholders should note that by accepting the Offer and assuming the Offer becomes unconditional, iCollege will be entitled to attend meetings of RedHill and vote

on accepting RedHill Shareholders' behalf in respect of their RedHill Shares to defeat resolutions relating to competing offers which may adversely affect the success of the Offer and may impact the value you could receive for your Shares.

The effect of accepting the Offer is set out in section 6.2 of Schedule 1 of the Bidder's Statement. After you have accepted this Offer, you will be unable to revoke your acceptance or otherwise dispose of your RedHill Shares and the contract resulting from your acceptance will be binding on you, unless:

- (a) by the end of the Offer Period, this Offer automatically terminates as a result of unsatisfied or unwaived Conditions; and
- (b) the circumstances set out in section 650E of the Corporations Act apply and you are able to withdraw your acceptance.

If you accept the Offer, and the Offer becomes unconditional, you will become a shareholder of iCollege and be exposed to the risks of holding iCollege Shares. These risks are more fully described in section 8 of the Bidder's Statement.

The above risks are not exhaustive of all the iCollege specific risks relevant to holding iCollege shares. Further to the above risks specific to iCollege, your Directors also believe the broader risks faced by RedHill, as outlined in Section 6.5 of this Target's Statement, are also applicable for those Redhill Shareholders who accept the Offer and receive iCollege Shares.

5.4 Consequences of iCollege acquiring less than 90% of RedHill

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

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

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

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

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

5.5 Potential delisting

iCollege states in its Bidder's Statement that if it obtains greater than 90% of RedHill Shares, iCollege will proceed to compulsorily acquire any remaining RedHill Shares, which will result in the

delisting of RedHill from ASX. Alternatively, if iCollege obtains more than 50.1% but less than 90% of RedHill Shares, and then only if iCollege declares the Offer unconditional or the 90% minimum acceptance condition to iCollege's Offer is waived or satisfied, iCollege may also have the ability to delist RedHill from ASX if iCollege is able to satisfy ASX's requirements for delisting. Therefore, there is a possibility of RedHill being delisted following the Offer. If this occurs, RedHill Shares will not be able to be bought or sold on the ASX.

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

- any decision to apply to the ASX to delist RedHill would need to be made by the RedHill Board, not by iCollege as the controlling Shareholder.
- the RedHill Board, including nominee directors appointed by iCollege, could only decide to seek a delisting if the Board concludes that this action is in the best interests of RedHill and its Shareholders as a whole, at the relevant time.
- your Directors currently consider that the disadvantages for Shareholders of delisting outweigh any potential benefits. Therefore, your Directors' current intention would be to vote against any Board proposal to delist RedHill (however, your Directors' views may change depending on future circumstances including the final level of control achieved by iCollege at the end of the Offer).
- even if (a majority of) the Board resolved to delist RedHill from ASX, this action would still require the ASX's consent and is likely to be subject to conditions imposed by ASX, which would be likely to include the approval of RedHill Shareholders by special resolution.
- ASX states³² that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity from the ASX that is primarily or solely aimed at denying minority shareholders a market for their securities, in order to coerce them into accepting an offer from a controlling shareholder to buy out their securities, would be an unacceptable reason for requesting removal from the official list.
- the ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting.
- a key ASX guideline is that the approval of RedHill minority shareholders would most likely be needed for the ASX to allow delisting unless each of the following three conditions are met:
 - (a) iCollege has at least 75% control of RedHill at the time delisting is sought; and
 - (b) there are *fewer than 150* RedHill Shareholders (excluding iCollege and its related bodies corporate) whose shareholding is worth at least A\$500. As at the date of this Target's Statement, RedHill has approximately **483** Shareholders; and
 - (c) the Offer remains open for at least an additional two weeks after iCollege attains at least 75% control of RedHill.

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

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

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

transactions, requirements to seek Shareholder approval for significant changes in the nature or scale of RedHill's activities and the annual consideration of a remuneration report.

5.6 Compulsory acquisition

(a) Compulsory acquisition following the Offer

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

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

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

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

(b) Future compulsory acquisition by iCollege

Even if iCollege does not satisfy the compulsory acquisition threshold referred to in Section 5.6(a) of this Target's Statement, it is possible that iCollege will, at some time after the end of the Offer Period, become the full beneficial holder of 90% of the RedHill Shares. If so, iCollege would then have rights to compulsorily acquire RedHill Shares not owned by it within six months of becoming a 90% holder. The price for compulsory acquisition under this procedure would have to be considered in a report of an independent expert at the relevant time.

(c) Challenging compulsory acquisition

RedHill Shareholders have statutory rights to challenge any compulsory acquisition. However, a successful challenge will require the relevant RedHill Shareholders to establish to the satisfaction of a court that the terms of the Offer do not represent *fair value* for the RedHill Shares.

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

5.7 Procedural aspects of the Offer

Extension of the Offer Period	<p>iCollege may extend the Offer Period at any time before giving the Notice of Status of Conditions (referred to below) while iCollege's Offer is subject to Conditions.</p> <p>However, if iCollege's Offer becomes unconditional (that is, if all the Conditions are satisfied or waived), iCollege may extend the Offer Period at any time before the end of the Offer Period.</p> <p>In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:</p> <ul style="list-style-type: none"> ▪ iCollege improves the Offer Consideration; or ▪ iCollege's voting power in RedHill increases to more than 50%. <p>If either of these two events occur, the Offer Period is automatically extended so that it ends 14 days after the occurrence of the relevant event. The maximum duration of the Offer Period is 12 months.</p>
Notice of status of Conditions	<p>Section 6.8 of Schedule 1 of the Bidder's Statement has the effect that iCollege will give a Notice of Status of Conditions to the ASX and RedHill no later than 10 May 2021, subject to variation if the Offer is extended.</p>

	<p>iCollege is required to set out in its Notice of Status of Conditions:</p> <ul style="list-style-type: none"> ▪ whether iCollege’s Offer is free of any or all of the Conditions; ▪ whether, so far as iCollege knows, any of the Conditions have been satisfied; and ▪ iCollege’s voting power in RedHill. <p>If the Offer Period is extended by a period before the current date by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In those circumstances, iCollege is required, as soon as practicable after the extension, to give a notice to the ASX and RedHill that states the new date for the giving of the Notice of Status of Conditions.</p> <p>If a Condition is satisfied during the Offer Period, but before the date on which the Notice of Status of Conditions is required to be given, iCollege must as soon as practicable give the ASX and RedHill a notice that states that the particular Condition has been satisfied.</p> <p>As of the day prior to the date of this Target’s Statement, iCollege had not given notice that any of the Conditions have been satisfied or waived.</p>
<p>Withdrawal of Offer</p>	<p>iCollege may withdraw its Offer at any time but only in limited circumstances with the written consent of ASIC and subject to the conditions (if any) specified in ASIC’s consent.</p>
<p>Effect of acceptance</p>	<p>If you accept iCollege’s Offer while it is conditional, you will immediately lose the following rights:</p> <ul style="list-style-type: none"> ▪ you lose your right to sell your RedHill Shares on the ASX or otherwise deal with them; ▪ you lose your right to participate in a superior offer from another bidder should one emerge; and ▪ you lose the right to control your RedHill Shares and the rights attaching to them and give that to iCollege with no guarantee of receiving the Offer Consideration until the Offer becomes unconditional. <p>In addition, if you accept the Offer, you will no longer be eligible to access the benefits of remaining a RedHill Shareholder.</p> <p>You may also be liable to pay tax on the disposal of your RedHill Shares which may have financial consequences for some RedHill Shareholders. See Section 7 of this Target’s Statement for further details of the tax consequences of accepting the Offer.</p>
<p>Limited ability to withdraw your acceptance</p>	<p>If you accept iCollege’s Offer, you may only withdraw your acceptance in a limited circumstance.</p> <p>You may only withdraw your acceptance of iCollege’s Offer if iCollege varies its Offer in a way that postpones, for more than one month, the time when iCollege needs to meet its obligations under the Offer. This will occur if iCollege extends the Offer Period by more than one month and the Offer is still subject to Conditions.</p>
<p>Timing for receipt of Offer Consideration if you accept</p>	<p>The terms of iCollege’s Offer are that no Offer Consideration for any RedHill Shares accepted into the Offer will be made by iCollege until the Offer becomes unconditional.</p> <p>If iCollege’s Offer becomes unconditional, you will receive your Offer Consideration by the earlier of:</p> <ul style="list-style-type: none"> ▪ one month after the date of your acceptance of iCollege’s Offer or, if the Offer is subject to a Condition when you accept the Offer, within one month after the contract arising from your acceptance of iCollege’s Offer becomes unconditional; and ▪ 21 days after the end of the Offer Period. <p>Refer to section 5.1 of Schedule 1 of the Bidder’s Statement for further details on when you will receive your Offer Consideration from iCollege.</p>

Effect of an improvement in Offer Consideration for Shareholders who have already accepted	If iCollege increases the Offer Consideration, all RedHill Shareholders, whether or not they have already accepted iCollege's Offer before then, will be entitled to receive that increased Offer Consideration.
Lapse of iCollege's Offer	iCollege's Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period, in which case all contracts resulting from acceptance of iCollege's Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will remain a RedHill Shareholder and will be free to deal with your RedHill Shares as you see fit.

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

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

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

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

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

Rights Holder	Number of RedHill Performance Rights	Number of RedHill Options
Glenn Elith	1,150,101	225,000
Simon Costain		75,000
Shin Shimizu		75,000
Roxana Ene		30,000
Reena Ram		30,000
Chaido Kiourkou		30,000
Total	1,150,101	465,000

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

In summary, the Offer will have the consequences below on the RedHill Performance Rights.

Under the terms of the RedHill Employee Incentive Plan and the RedHill Rights Plan 465,000 RedHill Options and 974,409 RedHill Performance Rights will vest in line with the change in control clauses in the respective schemes.

6. Profile of RedHill

6.1 Introduction

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

RedHill currently has approximately 483 Shareholders.

6.2 Operations

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

(a) **Online Course Delivery**

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

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

(b) **Greenwich Online Academy**

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

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

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

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

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

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

(d) **Overheads management**

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

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

- (v) negotiating rental relief with some landlords; and
 - (vi) pausing of non-essential capital expenditure, including the launch of a proposed Brisbane campus.
- (e) **Melbourne campus operations**

RedHill launched its Melbourne campus in September 2015; doubled its size in January 2017; and expanded it by a further 50% in July 2018. At that time the Melbourne campus was approximately 4,800m² in size and had been fitted-out with 58 classrooms.

Due to strong expected growth in student numbers at that time, the Melbourne campus was expanded by a further 19 classrooms in H2 of FY20. A lease commenced over the additional campus space in January 2020 and the additional classrooms were ready for use in March 2020 after completing a quality fit-out.

RedHill's Melbourne campus operations have been significantly impacted by lockdown measures implemented by the Victorian State Government in response to the COVID-19 pandemic and by the international travel bans preventing new international students from travelling to Australia. The Melbourne campus is currently partially closed and some classes are continuing to be delivered fully or partially online.

- (f) **Interests in tertiary education in Australia**

RedHill's directors expect the private tertiary education sector in Australia to be resilient. The Australia Government has identified the resumption of international student arrivals as part of its 'Roadmap to a COVIDSafe Australia' and RedHill has advised government and regulatory bodies on its desire to participate in pilot programs to demonstrate that international students can be brought into Australia in a safe and supported manner.

RedHill continues to receive interest from prospective international students who are not yet in Australia and has a growing pipeline of enrolment applications from people in its key target markets who have indicated their intention to travel to Australia and undertake tertiary studies when COVID-19 pandemic conditions improve and commercial flights resume.

6.3 Directors

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

A biography of each Director is set out below:

Mr Stephen Heath

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

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

Mr Glenn Elith

Glenn commenced his professional career in the audit division of Coopers and Lybrand (now PwC), where he obtained the chartered accounting qualification. He has developed a broad operational and strategic perspective by working across multiple business sectors including manufacturing,

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

Mr William Deane

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

Ms Sandra Hook

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

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

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

6.4 Financial information

RedHill's last published financial statements are for the financial half year ended 31 December 2020, as set out in its *FY21 Interim Financial Report* announced on the ASX on 26 February 2021.

Except as set out in this Target's Statement and in RedHill's ASX announcement on 26 February 2021, your Directors are not aware of any material changes to the financial position of RedHill since the release of the above financial information.

6.5 Key risks faced by RedHill

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

RedHill specific risks	
International disruption and the impact of the coronavirus (COVID-19) pandemic	A large proportion of RedHill's operational and financial performance is dependent upon, and will continue to be impacted by, the demand for providing services and courses to international students undertaking studies in Australia. A range of possible disruptive circumstances or events (for example, outbreak of disease, political unrest and tensions, restrictions on movements between countries and negative international relations) may reduce the appeal of Australia as a study destination and may result in a decline in the demand from international students seeking to study in Australia from RedHill's source markets.

For personal use only

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

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

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

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

RedHill specific risks	
	that any insurance cover will be adequate and available to cover all claims. Should RedHill be unable to maintain adequate insurance cover, or experience claims for losses in excess of the level of its insurance coverage, it could have a material and adverse impact on RedHill's financial position and performance.
Currency fluctuations	RedHill invoices for all of its courses and services in Australian dollars, meaning international currency fluctuations (including in connection with COVID-19) may affect the cost of courses for international students, and also may affect their cost of living while studying in Australia. Some international students will be price sensitive, and may choose not to travel to Australia to study or will travel to a different country if course or living costs increase as a result from any appreciation of the Australian dollar relative to other countries which are sources of students. As such, any appreciation of the Australian dollar relative to source markets may have a direct impact on demand for RedHill's courses and services, and could have a material and adverse impact on RedHill's financial position and performance.

General risks	
Market and an investment in shares	The market price of RedHill's shares will fluctuate due to various factors, many of which are non-specific to RedHill, including the number of potential buyers or sellers of RedHill shares on the ASX at any given time, recommendations by brokers and analysts, Australian and international general economic conditions (including as a result of the impacts of COVID-19), inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, changes in law, fire, flooding, extreme weather events, natural disasters, global geo-political events and hostilities, acts of terrorism, state of emergency declarations, outbreaks of pandemics, outbreaks of war, and investor perceptions. These factors may cause RedHill shares to trade at a lower price than they are currently.
General economic conditions	The trading price of RedHill shares may be adversely impacted by various factors, including new or changed governmental measures, business closures, lockdowns, quarantines, travel and other restrictions and resultant impacts on economies and financial markets. The historic share price performance of RedHill provides no guidance as to its future share price performance. Any deterioration in the domestic and global economy may have a material adverse effect on the performance of RedHill's business and RedHill's share price. It is possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.
Dividends	Any decisions regarding the payment of dividends in respect of RedHill's shares is determined at the discretion of RedHill's board of directors, having regard to relevant factors, which include RedHill's available profits, cashflow, financial condition, operating results, future capital requirements, covenants in relation to financing agreements, as well as economic conditions more broadly. There is no guarantee that a dividend will be paid by RedHill in future periods or, if paid, paid at historical levels.
Liquidity risk	RedHill is a listed entity. Therefore, the ability to sell RedHill shares will be a function of the turnover of the RedHill shares at the time of sale. Turnover itself is a function of the size of RedHill and also the cumulative investment intentions of all current and possible investors in RedHill at any one point in time.
Accounting standards may change	Future changes in Australian accounting standards may affect the reporting of RedHill's earnings and financial position from time to time. RedHill will continue to assess and disclose, when known, the impact of adopting new accounting standards.
Exposure to changes in tax rules or their interpretation	Changes may occur in the future to Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia in relation to equity investments. In particular, both the level and basis of taxation of an investment in RedHill Shares may change. An investment in RedHill Shares involves tax considerations which may differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in RedHill.

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

7. Taxation consequences

7.1 Introduction

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

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

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

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

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

7.2 Taxation consequences of disposal of RedHill Shares by Australian residents

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

RedHill Shareholders who accept the Offer

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

Compulsory acquisition

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

Calculation of capital gain or capital loss

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

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

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

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

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

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

CGT Discount

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

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

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

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

Net capital gains or losses

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

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

CGT roll over relief

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

If iCollege is not successful in acquiring 80% of the voting shares in RedHill, the roll over will not be available to any of the RedHill Shareholders (**80% Rule**) and those RedHill Shareholders will be

assessed on any capital gain that arises, even though the RedHill Shareholder will not receive any cash from the exchange of their RedHill Shares for replacement iCollege Shares.

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

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

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

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

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

7.3 Taxation consequences of disposal of RedHill Shares by foreign residents

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

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

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

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

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

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

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

CGT roll over relief

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

7.4 Foreign resident CGT payment rules

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

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

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

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

7.5 Stamp duty

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

7.6 GST

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

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

8. Additional information

8.1 Your Directors' interests and dealings in RedHill Shares

(a) Interests in RedHill securities

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

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

(b) Dealings in RedHill Shares

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

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

- (c) Intentions in relation to the Offer
Your Directors intend to **REJECT** the Offer.

8.2 Your Directors' interests and dealings in iCollege securities

- (a) Interests in iCollege securities
As at the date of this Target's Statement, no Director has a relevant interest in any securities of iCollege.
- (b) Dealings in iCollege securities
No RedHill Director has acquired or disposed of a relevant interest in any securities of iCollege in the four months ending on the date immediately before the date of this Target's Statement.

8.3 Benefits and agreements

- (a) Directorships
As at the date of this Target's Statement, no Director of RedHill is a director of iCollege.
- (b) Benefits in connection with retirement from office
As a result of the Offer, no person has been or will be given any benefit (other than a benefit which can be given without member approval under the Corporations Act) in connection with the retirement of that person, or someone else, from a board or managerial office of RedHill.
- (c) Agreements connected with or conditional on the Offer
There are no agreements made between any Director and any other person in connection with, or conditional on, the outcome of the Offer other than in their capacity as a holder of RedHill Shares.
- (d) Benefits from iCollege
No Director has agreed to receive, or is entitled to receive, any benefit from iCollege which is conditional on, or is related to, the Offer, other than in their capacity as a holder of RedHill securities as outlined in Section 8.1(a) of this Target's Statement.
- (e) Material interests of Directors in contracts with iCollege
No Director has any interest in any contract entered into by iCollege.

8.4 Material litigation

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

8.5 Issued capital

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

- (a) 50,847,956 RedHill Shares;
- (b) 1,150,101 RedHill Performance Rights;
- (c) 465,000 RedHill Options; and
- (d) 4,167 fully paid ordinary shares from exercise of options issued in RedHill's employee incentive plan.

8.6 Substantial holders

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

Name	Number of RedHill Shares	Percentage of RedHill Shares ³³
UCW Limited ³⁴	8,730,877	17.17%
Perpetual Limited and its related bodies corporate	6,945,023	13.66%
Viburnum Funds group and associates	6,504,658	12.79%
Pendal Group Limited	5,042,824	9.92%
Welas Pty Ltd	3,737,632	7.35%
Regal Funds Management Pty Ltd	2,712,078	5.33%
Acorn Capital Limited	2,625,261	5.16%
Total³⁵	27,567,476	56.21%

8.7 ASX announcements

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

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

RedHill's last published financial statements are for the financial half year ended 31 December 2020, as set out in its FY21 Interim Financial Report announced on the ASX on 26 February 2021.

A copy of the FY21 Interim Financial Report is also available free of charge from RedHill on request and on RedHill's website at <https://www.redhilleducation.com/investor-centre/>.

8.8 Takeover response costs

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

8.9 Consents

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

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

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

Each person named in this Section 8.9 of this Target's Statement as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

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

³⁴ Relevant interest in RedHill Shares under UCW's takeover offer dated 14 December 2020.

³⁵ Excluding shares that UCW have a relevant interest in pursuant to their takeover offer dated 14 December 2020. Certain shares belonging to substantial holders may be double counted in the above table if they have accepted the UCW Offer.

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

8.10 Reliance on ASIC class orders

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

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

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

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

8.11 ASIC declarations and Listing Rule waivers

As announced to the ASX on 29 April 2021, ASIC granted RedHill relief from the requirements of section 648C of the Corporations Act to allow RedHill to:

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

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

8.12 No other material information

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

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

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

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

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

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

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

8.13 Approval of Target's Statement

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

Signed for and on behalf of RedHill by:



Mr Stephen Heath
Chairman

Date: 30 April 2021

9. Glossary & interpretation

9.1 Glossary

Term	Meaning
Announcement Date	23 March 2021
ASIC	Australian Securities and Investments Commission
associate	has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time) as if section 12(1) of that Act included a reference to this Target's Statement and RedHill was the designated body
ASX	ASX Limited ABN 98 008 624 691 or, where the context otherwise requires, the financial market operated by it known as the Australian Securities Exchange
ASX Listing Rules	the Listing Rules of ASX, as amended or replaced
AUD or A\$ or \$	Australian dollars
Bidder's Statement	the replacement bidder's statement by iCollege dated 9 April 2021 setting out the terms and other information in relation to the Offer
CGT	capital gains tax
Conditions	each defeating condition to which Offer is subject, as set out in Section 6 of Schedule 1 of the Bidder's Statement
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Director	a director of RedHill
E&P	E&P Corporate Advisory Pty Ltd ACN 137 980 520
FY	financial year, which for RedHill is the year ending 30 June
GST	goods and services tax
iCollege	iCollege Limited ACN 108 962 152
iCollege Share or iCollege Shares	a fully paid ordinary share in the capital of iCollege
Offer	the off-market takeover bid by iCollege for all RedHill Shares, as described in the Bidder's Statement
Offer Consideration	the consideration offered under the Bidder's Statement, being 7.6 iCollege Shares for every 1 RedHill Share
Offer Period	the period during which the Offer will remain open for acceptance in accordance with Section 3 of Schedule 1 of the Bidder's Statement
Implied Offer Value	the implied value offered by iCollege under the Offer. As at the date of this Target's Statement, the Implied Offer Value is approximately A\$1.03 for each RedHill Share
RedHill	RedHill Education Limited ACN 119 952 493
RedHill Board or Board	the board of directors of RedHill
RedHill Director	a director of RedHill
RedHill Group	RedHill and its subsidiaries
RedHill Options	an Option issued under RedHill's Employee Incentive Plan
RedHill Performance Rights	a Performance Right or Performance Share Appreciation Right (as the case may be) issued under RedHill's Rights Plan
RedHill Share or Share	a fully paid ordinary share in the capital of RedHill
RedHill Shareholder or Shareholder	a holder of RedHill Shares
relevant interest	has the meaning given in sections 608 and 609 of the Corporations Act

Term	Meaning
Rights	all accreditations, rights or benefits of whatever kind attaching to or arising from RedHill Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends, distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid or issued by the RedHill Group after that date) but excluding any franking credits attached to a dividend or other distribution
Target's Statement	this document, being the statement of RedHill under Part 6.5 of the Corporations Act in response to the Offer
TARP Test	as defined in Section 8.3 of this Target's Statement
UCW	UCW Limited ACN 108 962 152
UCW Offer	means the off market takeover bid for all RedHill Shares announced to the ASX on 14 December 2020
UCW Share or UCW Shares	a fully paid ordinary share in the capital of UCW
voting power	has the meaning given in section 610 of the Corporations Act
VSL	VET Student Loan which helps students to cover tuition fees for vocational education and training (VET) courses
VWAP	volume weighted average price

9.2 Interpretation

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

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

Corporate Directory

Directors

Mr Stephen Heath
Mr Glenn Elith
Mr William Deane
Ms Sandra Hook

Registered office

Level 2, 7 Kelly Street
Ultimo, NSW Australia, 2007
T +61 2 8355 3820
F +61 2 9211 8355
E info@redhilleducation.com
W www.redhilleducation.com

Legal adviser

Minter Ellison
Level 20, 447 Collins Street
Melbourne Victoria 3000

Financial adviser

E&P Corporate Advisory Pty Ltd
Mayfair Building, 171 Collins Street
Melbourne Victoria 3000

Share registry

Computershare Investor Services Pty Limited
Level 4, 60 Carrington Street

Sydney, NSW, Australia, 2000

T 1300 850 505 (within Australia)
T +61 3 9415 4000 (outside Australia)
E web.queries@computershare.com.au

For personal use only

For personal use only

SYDNEY

Level 2, 7 Kelly Street
Ultimo NSW 2007

Phone: 02 8355 3820

Fax: 02 9211 8355

Email: info@redhilleducation.com

MELBOURNE

Level 8, 120 Spencer Street
Melbourne VIC 3000

Phone: 03 9005 2328

Email: info@redhilleducation.com

www.redhilleducation.com