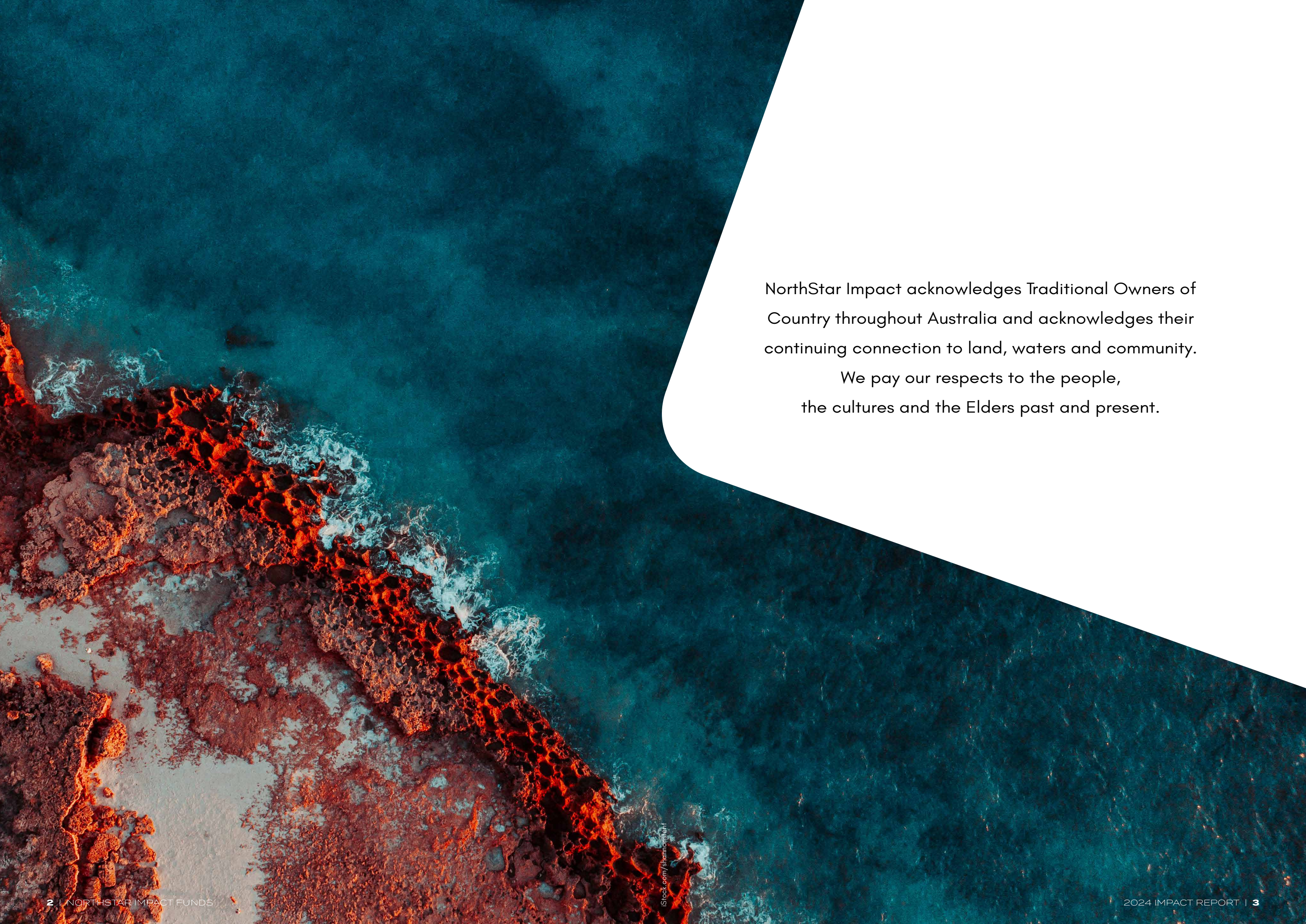




IMPACT REPORT 2024: Highlights





NorthStar Impact acknowledges Traditional Owners of Country throughout Australia and acknowledges their continuing connection to land, waters and community.

We pay our respects to the people,
the cultures and the Elders past and present.

About us

NorthStar Impact is a leading positive impact fund investing in listed equities. We invest only in companies whose core business is helping to solve environmental and social problems. We adopt a system-wide approach to engagement and look to work with our portfolio companies to help them grow and scale their business and positive impact. This gives us a unique understanding of issues and solutions. We manage the only Australian equities impact fund certified by the Responsible Investment Association of Australasia (RIAA).

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Reading this report

This is a Summary Report. We’re releasing it ahead of our full Impact Report (which will be published shortly) in order to provide our readers with a better understanding of our approach to impact investing and the way we measure and report on impact.

In this report, we provide examples of NorthStar’s Theories of Change. Our theories of change include our own assessment of the issues we’re working to solve, key opportunities and our subsequent impact strategy. They guide our investments, projects, engagement and impact measurement. We’ve focused on Childcare, Biopharma and Land and Resource Management, as these are three areas where we’ve seen a lot of progress in the past year. We also provide the impact journeys of some of our portfolio companies.

Our full impact report will include a NorthStar Theory of Change for each of our 10 impact focus areas and the impact journeys of all our portfolio companies.

Guest writers

We believe a core part of our role as impact investors is connecting people, companies and resources. This year, we’ve invited some of the people we’ve worked with throughout the year to contribute to our impact report. You’ll find four guest contributions in this report, all experts in their field.

How we measure impact

Our impact report demonstrates our approach to impact measurement. We are consistently working to improve our ability to measure and report on impact, and engage with our portfolio companies to help them do the same.

We measure the impact of our portfolio companies using the Logic Model:

- **INPUT:** Resources used by the business through its operations.
- **OUTPUT:** Products or services delivered by the business.
- **OUTCOMES:** Immediate effects or changes as a result of the outputs.
- **IMPACT:** Long-term, broader effects on the environment or community.

Given the challenges in measuring Outcomes and Impact, we are often required to make estimates based on data provided by our companies. We will provide the assumptions used in making these estimates to ensure that the basis of our impact metrics is clear. Impact data shown relates to total company impact and not NorthStar’s attributable share of those impacts.

All dollar figures in this report are in \$AUD

A message from our Founder



Kerry Series

Founder and Chief Investment Officer,
NorthStar Impact Funds

Dear Reader,

Thank you for taking the time to read our 8th annual impact report. This report is our opportunity to showcase the positive impacts achieved by our portfolio companies over the last financial year.

At the time of writing, the total amount of funds managed by NorthStar Impact is just over \$100m, up from around \$68m at the end of June 2023. As our funds under management increases, we can play a larger role in providing new capital to our companies and we are becoming more significant shareholders.

As impact investors in listed equities, we seek to invest in companies that provide solutions to social and environmental challenges from their core business. Our strategy is to be long-term, supportive and aligned shareholders to help the companies scale their solutions. Where

possible, we connect our companies with other stakeholders in our networks as part of this strategy.

I would like to use this letter to encourage you to connect with us regarding any areas that are being addressed by our portfolio companies. We have exposure in the following areas:

- **Climate and Environment** – renewable energy infrastructure; advanced materials for battery efficiency; circular economy (recycle, reuse, repurpose); water management and treatment; PFAS clean up technology; and sustainable mining for critical minerals.
- **Communities** – affordable housing; inclusion (disability services and technology); and childcare services and real estate.
- **Education** – tutoring (school age); vocational and higher education; and edtech.
- **Healthcare** – drug development, manufacturing, and distribution; medical devices; and healthcare services.

You can find a full list of our portfolio companies on the NorthStar Impact website.

There were many positive developments across our portfolio in financial year 2024, with notable examples being:

AI Media provide captioning and transcription services ensuring inclusive access to information. Their captions are seen by hundreds of millions of people, including at the NSW and UK parliaments. In FY24, the number of minutes of content captioned by AI Media's LEXI service increased to 53.3 million from 39.2 million in FY23. We are keen to see the further extension of their services into underserved communities over coming years.

Clarity Pharmaceuticals are developing the next generation of radiopharmaceuticals to improve treatment outcomes for children and adults with cancer. During FY24, the company announced encouraging results from their trial for patients with metastatic prostate cancer. In their single dose trials, up to 78% of patients showed >35% reductions in PSA (the key marker for prostate cancer) and up to 44% showed >80% reduction. The first patient to receive a double dose has undetectable PSA levels 12 months after the first dose. We are excited to see additional clinical data in FY25 as the company progresses their treatments towards regulatory approval.

Kip McGrath offers tutoring services to school-age children with a primary focus on remedial tutoring. In FY24, their Centre Lesson Numbers increased to 1.938 million from 1.907 million in FY23. Kip McGrath's vision is "To deliver measurable improvement and change the lives of as many students as possible around the world" and this growth in numbers is the key metric to demonstrate the success in delivering on their vision. We expect to see further growth in FY25.

SciDev are working to solve the growing global PFAS ("forever chemicals") issue. Their FluorofIX solution has treated over 7 billion litres of PFAS-contaminated water and they have successfully completed 10 PFAS projects across Australia. In FY24, SciDev developed FluorofIX pilot plants in Europe and North America to extend the reach of their solution. We view the global rollout of SciDev's PFAS clean up solution as important for both environmental and human health.

Our strategy sets us apart from other listed equity funds and we manage the only Australian equities impact fund certified by the Responsible Investment Association of Australasia (RIAA) – a certification which was renewed this year. RIAA also rated the Fund as Sustainability Plus which is their highest Sustainability Rating and NorthStar Impact was named one of RIAA's Responsible Investment Leaders for 2024.

This recognition is important to achieving our goals of wanting to move more capital to the solutions to social and environmental challenges and wanting to actively support the scaling of those solutions.

Encouragingly, we saw a noticeable increase in interest in impact investing strategies by Australian foundations in 2024 and this was reflected by more foundations investing in the NorthStar Impact fund. This enables greater alignment of the investing strategy and their mission. For us, this is an exciting development as we see real potential for meaningful collaboration between foundations and our portfolio companies.

Achieving our goals is only possible with the support of all our investors, so once again, I thank you for your support in 2024. The outlook for delivering positive financial outcomes alongside the positive social and environmental impacts of our portfolio companies looks strong for 2025. I look forward to staying connected with you in the year ahead.

Kerry Series

Founder and Chief Investment Officer,
NorthStar Impact Funds

IMPACT HEADLINES

NorthStar Impact Australian Equities Fund Portfolio



9 COMPANIES
AVOIDED
110
million tonnes
of CO2
emissions



\$4.3bn
invested in
PP&E and R&D
in environmental
outcomes across
15
companies



7 companies
helped
5,391,394
of patients
receive a variety
of healthcare
products



\$3.7 BILLION
was invested in
PP&E and R&D
for healthcare
outcomes across
21 companies



36,739 GWh
of renewable energy
generated and supplied by
4 companies



**1.3 MILLION
TONNES**
of waste was diverted
from landfill by
3 companies



\$481mn
invested in
R&D and assets by
3 companies
to build a
circular economy



5 companies
provided
110,326
children with
childcare access



314 BILLION
litres of water
was treated by
3 companies



3 companies
helped
107,046
students receive
higher education
and vocational
training

Data relates to total impact by the stated number of portfolio companies and not NorthStar's attributable share of those impacts. Data includes NorthStar and Company estimates

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A message from our Co-Portfolio Manager



Claudia Kwan
Co-Portfolio Manager,
NorthStar Impact Funds

During FY24, we focused on a number of key thematic areas where we saw the opportunity for capital and social and environmental returns. Circular economy solutions underpinned by corporate and government sustainability and waste targets; healthcare innovation; and affordable housing needs as populations age; sustainable mining as the energy transition accelerates; accessible quality childcare as affordability decreased; water and soil remediation to remove contaminants including PFAS; renewable energy demand and storage to reduce carbon emissions.

We are in a transition as industrialisation attempts to migrate away from China and

companies and governments are required to measure their carbon usage. As always, change creates opportunity and the opportunity for Australia is to drive capital towards companies who have services and products that can solve these challenges.

Australia's economic complexity ranks at just 93rd in the world, between Uganda and Pakistan. Australia has the highest dependency on manufactured imports and the lowest level of manufacturing self-sufficiency of any OECD country. The balance between increasing Australia's economic complexity while simultaneously ensuring a financial return is a key challenge.

It is clear however, for future Australians, there is a requirement to increase Australia's economic complexity. This would require Australia to utilise the local capital base to mandate opportunities for capital allocators to lean into future-facing industries where Australia's competitiveness could be realised. In the very least, capital allocators could be mandated to invest in industries and models that have been solving problems for other nations, in order for Australia to achieve its social and environmental targets.

Integral to Australia's success in seizing today's opportunities is the need to increase board diversity. **Real** diversity, not only of race, gender and age, but diversity in thought and vision as well.

During this financial year we saw an increasing number of companies move beyond reporting on their output to include impact metrics. Halma UK went a step further to report on both the economic value as well as the social value of the organisation's impact.

We are honoured to invest in many standout leaders. Jason Dixon at the Environmental Group is solving problems for industrials in Australia as he deals with the changing nature of power distribution, waste disposal and contaminants. James Clement, CEO of Vysarn, is delivering on the vision to create Australia's best water solutions provider and a truly inclusive economic model.

Jay Weatherill from the Minderoo Foundation's Thrive by Five Campaign, alongside 100 contributors, has been effective in getting Childcare reform on the political agenda.

Throughout the year we conducted numerous company meetings, participated in campaign and non-profit meetings, hosted webinars with broader stakeholders, participated in capital placements, and hosted a number of discussions that focus on triple bottom line return.

We see ample return opportunities underpinned by structural trends that continue to drive company earnings and real-world positive impact.

Claudia Kwan
Co-Portfolio Manager, NorthStar Impact Funds

Guest Writer

NorthStar Impact has been inspired by The Snow Foundation and their work encouraging social change throughout Australia. They are implementing innovative approaches to philanthropy. It has been great to work with Bhanvi & The Snow Foundation to support their impact objective goals.

The Snow Foundation is a family philanthropic organisation dedicated to creating a more just and inclusive world. We see impact investing as a powerful tool to drive positive social change while generating financial returns, fostering opportunities and resilience for communities in need. Recognising the link between social wellbeing and economic growth, we've expanded our focus on impact investing and added resourcing within our team to manage our growing portfolio.

Investing in listed equities for impact investing has been compelling due to their scalability, accessibility, and liquidity. They allow a wide range of investors to participate and provide opportunities to engage with companies to drive positive change. The transparency of public companies helps investors make informed decisions, and impact investing

in listed equities can achieve competitive financial returns while generating positive social and environmental outcomes. As such, the NorthStar Fund is a strategic investment that aligns with our impact goals. This fund focuses on listed equities addressing critical social issues like affordable housing, education, and healthcare. By investing in companies making a positive difference in these areas, we aim to contribute to a more equitable and sustainable society. We commend the fund manager for prioritising Australian companies with strong responsible investment credentials and their commitment to improving industry standards through comprehensive impact reporting and advocacy.

As we continue our impact investing journey, we are eager to enhance our approach, particularly in gender equity and Indigenous self-determination. We believe that investing in such organisations can foster self-determination, economic independence, and a more inclusive, caring, and prosperous future.

Bhanvi Anand

Portfolio and Partnerships Manager,
Snow Foundation

istock.com/Anastasiia Shvachyna



Guest Writer

NorthStar has worked with Dave Rae for many years now. We appreciate his genuine and intentional approach to ethical investing and advising. Dave is a leader in educating clients and the advice industry on impact investing and recently started Unless Financial, financial advice for climate conscious Australians.

Over the past year, Australia's ethical and impact investing landscape has experienced significant growth. An increasing number of investors are seeking not only alignment with their values but also measurable social and environmental outcomes. A key development has been the rise in interest around catalytic impact investing. These investments drive deeper, systemic change by addressing root issues and pioneering new models in areas such as renewable energy, climate resilience, and affordable housing. Catalytic impact investing differs from traditional impact investing by focusing on transformative, long-term solutions that can stimulate additional capital and inspire new approaches.


Alongside this shift, the market has expanded, offering a broader range of products and frameworks to support values-driven portfolios. The availability of impact-focused funds has made it easier for advisers to structure diversified portfolios that balance ethical criteria with strong financial potential. More

Australians are now viewing their investments as a means to create substantial positive change, driving demand for innovative solutions.

Looking ahead, this momentum is expected to continue, with more investors motivated to achieve both financial returns and meaningful impact. This past year has underscored a shift toward more active, transformative approaches to ethical investing in Australia. As advisers, we are committed to guiding clients in making impactful, lasting contributions through their portfolios.

In the context of public equities, there is a growing interest in understanding how investments contribute to positive outcomes. Communicating these outcomes to investors at both a portfolio and individual company level is becoming increasingly important. This transparency not only helps investors see the tangible impact of their investments but also fosters greater trust and engagement in the ethical investing process. As we move forward, the focus will remain on achieving both financial returns and meaningful, measurable impact, ensuring that investments contribute to a better future for all.

Dave Rae,
Financial Adviser,
Unless Financial



NorthStar Theory of Change: Land & Resource Management

The challenge

Australia is home to 1,168 operational landfills that collectively receive 20 million tonnes of waste each year.¹ In 2023, the country generated a staggering 75.8 million tonnes (Mt) of waste.² To address this, the government has committed \$188.9 million to improve recycling outcomes and aims to keep over 600,000 tonnes of waste out of landfills.

Challenges remain, particularly with hard-to-abate waste such as plastics, e-waste, and food waste. Currently, only 13% of plastic waste is recovered, while 84% ends up in landfills, with an alarming 130,000 tonnes leaking into the marine environment annually.³

In 2019, the Australian Government set out a series of targets in a “National Waste Policy Action Plan” to guide action and investment efforts in these areas.

Targets include:

- reducing the total waste generated in Australia by 10% per person by 2030.
- achieving an 80% average recovery rate from all waste streams by 2030.
- significantly increasing the use of recycled content by governments and industry.
- phasing out problematic and unnecessary plastics by 2025.
- halving the amount of organic waste sent to landfill by 2030.⁴

The largest challenges and opportunities are the recycling and reuse of the construction and demolition waste, which is responsible for 45% of Australia’s waste; Hazardous waste (including e-waste); as well as the existence of Per- and polyfluorinated alkyl substances. These substances, also known as PFAS, or

Forever Chemicals, are a large chemical family of over 10,000 highly persistent chemicals that don’t occur in nature and have been found to be damaging to both human health and the environment.

Recent developments

We have seen significant developments in the fight against Polyfluoroalkyl substances, PFAS. In March 2023, the Biden-Harris Administration in the US announced the first-ever national drinking water standard for PFAS. The bipartisan Infrastructure Law will invest \$9 billion over five years to help communities that are on the frontline of PFAS and other contamination. The EPA will require public water systems to monitor for six PFAS chemicals, notify the public if the levels of these PFAS exceed the proposed regulatory standards, and take action to reduce the level of PFAS in the water supply. EPA anticipates that if fully implemented, the rule will prevent thousands of deaths and reduce tens of thousands of serious PFAS-attributable illnesses.⁵ One report by the Centers for Disease Control and Prevention, found PFAS in the blood of 97% of Americans.⁶

In November 2023, The World Health Organisation initiated the development of the Guidelines for drinking-water quality (GDWQ) on PFAS in drinking-water.

In Australia, media coverage increased with headlines including: “Australia will dramatically cut forever chemicals in tap water but it will mean a big clean up”; “New “forever chemical” tests zero in contamination source”; “Australia’s tap water clean-up could cost billions”; “New limits on forever chemicals levels is overdue good news for water supplies”; “PFAS chemicals found in Sydney’s drinking water”.

Impact strategy

NorthStar's strategy is to invest and support companies that have a purpose of:

1. Increasing circularity through the collection, capture, reuse and repurpose of materials.
2. Offering waste management services and products.
3. Undertaking services that can remediate water and soil.

We allocate capital to:

- Increase collection and sorting infrastructure to increase waste recovery and circularity.
- Increase e-waste drop off points and circular systems to increase content that is reused and repurposed avoiding toxic and hazardous disposal outcomes.
- Encourage alternatives to landfills for hard-to-abate waste to increase circularity outcomes.
- Test and remediate PFAS.

Portfolio companies

- Cleanaway
- Close the Loop
- Scidev
- The Environmental Group

Engagement for Impact

In FY24, we had 110 one-on-one and group meetings focused on the Environment. Meetings were conducted with our portfolio companies, lawyers, fire fighters and PFAS specialists as well as company site visits. Our engagement strategy was focused on key challenges impacting circularity and resource management.

We focused on:

- Increasing awareness, understanding on the urgency for PFAS testing and remediation.
- Engaging on PFAS litigation history and potential to catalyse legislation.
- Understanding regulatory policy.
- Key circularity issues in e-waste and reuse.
- Encouraging multiple stakeholders to enact regulatory requirements on circularity and land & resource management.

An example is our active lead on the PFAS problem in Australia. NorthStar engaged with key PFAS litigator, Oliver Gayner from Williams Roberts Lawyers. This provided us with a better understanding of the litigation history, hurdles and potential pathway forward. We then introduced EGL and Scidev to Oliver Gayner to help the companies increase their understanding of the litigation momentum and to share some industry understandings and contacts.

Along with Oliver, Jason Dixon (CEO, EGL) and Sean Halpin (CEO, Scidev), NorthStar hosted a webinar with the objective of informing our network of the problem, the market opportunity, the solutions and the key levers that will catalyse the adoption of the solution and cleaning up of PFAS in water and soil. Claudia Kwan, Co-Portfolio Manager at NorthStar also joined Sean Halpin on Ausbiz to discuss the market opportunity for Scidev and its ability to support the community in cleaning up PFAS.

1. <https://www.re-source.au/blog/australia-landfill-statistics>
2. <https://www.re-source.au/blog/australia-landfill-statistics#:~:text=In%202023%2C%20Australia%20generates%20a,concern%20that%20requires%20our%20attention>
3. <https://www.re-source.au/blog/australia-landfill-statistics>
4. <https://www.dcceew.gov.au/environment/protection/waste/publications/national-waste-policy-action-plan>
5. <https://www.whitehouse.gov/briefing-room/statements-releases/2023/03/14/fact-sheet-biden-harris-administration-takes-new-action-to-protect-communities-from-pfas-pollution/>
6. <https://factor.niehs.nih.gov/2024/9/science-highlights/niceatm>

istock.com/jehizhe

An aerial photograph showing a wide, winding river with light-colored, silty water. The river flows from the top left towards the bottom right. On the right bank, there is a dense forest of tall, green trees. The left bank is mostly composed of light-colored gravel and sand, with some sparse vegetation. The overall scene is a natural, somewhat rugged landscape.

Cleaning up “Forever Chemicals”

Polyfluoroalkyl substances (PFAS), best known as “forever chemicals” have been around since the 1940s. They are man-made chemicals that have been used in industry with multiple properties including non-stick, water-repellent and stain resistant. They are found in firefighting foam, non-stick cooking ware, waterproof clothing to name a few. NorthStar has been aware of the PFAS “problem” and via our investment in The Environmental Group (EGL AU), we have been tracking the development of their PFAS remediation technology.

A new light was shone on the issue when, in March 2023, the Biden-Harris Administration in the US announced the first-ever national drinking water standard for PFAS. The bipartisan Infrastructure Law invests \$9 billion over five years to help communities that are on the frontlines of PFAS and other contamination to reduce levels in drinking water. On April 9, 2024, the University of NSW-led international study assessed the levels of PFAS contamination in surface and ground water around the globe, finding that much of the global source water has PFAS levels that exceed safe drinking limits.

These developments as well as our position in The Environmental Group led us to further investigate the PFAS investment opportunity. We then learnt about Scidev and their PFAS remediation technology. EGL and Scidev have different PFAS remediation technologies that we see playing a meaningful role in Australia and globally. PFAS has no borders due to the nature of the chemical and has been found in landfills, sewage systems, waterways and construction sites around the world. **The expected market opportunity for PFAS remediation is multi-billion dollars and EGL and Scidev are two Australian listed companies that have commercial PFAS remediation technology and the potential to capture a portion of this opportunity.**

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Impact Journeys: Environment

Scidev (ASX: SDV)

The company offers advanced chemistry and water treatment technologies, enabling clients to reuse water, enhance operational efficiency, and reduce environmental footprints.

7,000,000,000 litres of water treated

- » **Input:** \$8.394mn spent in investing activities, including \$4.113mn in payments for property, plant and equipment. Scidev also paid \$3.6mn for deferred consideration in relation to the acquisition of Haldon Industries.
- » **Output:**
 - Awarded an Operation and Maintenance contract for 98 remote water quality monitoring units across multiple mines in WA and a total 140 remote WQMS (water quality management systems).
 - Delivered ten PFAS Treatment projects throughout 2023.
 - Delivered two Design and Construct (D&C) packaged drinking water plants for the Queensland Government Qbuild Public Works Division with a total contract value >\$500k.
- » **Outcome:** Provide bespoke chemistry and water treatment technology as environmental solutions for complex water-intensive industries & environmental remediation.
- » **Impact:** Improving the quality of life for the community and quality of the environment by applying innovative technologies and strategies regarding water treatment and chemical services. Removing contaminants including PFAS.
 - Water quality monitoring systems reduce mine and stream water contamination.
 - Chemicals supporting water overflow increases water recyclability.
 - Proprietary PFAS remediation technology treated >7 billion liters of water to non-detect.
 - Increased water return.
 - Improved water quality.
 - Efficiency processing time.

iStock.com/Paul Hartley



Impact Journeys: Environment

Environmental Group (ASX: EGL)

EGL is an environmental services company specialising in waste management, recycling, and sustainable resource recovery solutions in Australia.

400,000 tonnes of waste diverted from landfill

» **Input:** \$503,000 invested in plant and equipment.

» **Output:**

- Air: 151 air pollution reduction systems delivered and installed.
- Noise Reduction: 8x silencers for exhaust systems delivered.
- PFAS: installed one PFAS system removing harmful organic compounds from the environment.
- Serviced ~740 boilers.

Waste: Over 0.5mt diverted from landfill per year.

» **Outcome:** Waste & Air solutions supporting carbon abatement outcomes, health outcomes, and cleaner living environments.

» **Impact:**

- Est. 400,000 tonnes of waste diverted from landfill.
- Prevented 66 t/h of Particulate matter from being released into the environment.
- Abated: → 2400 kg/h of SO₂, → 2900 kg/h of H₂SO₄, → 30 kg/h of HF.
- Gas boiler increased safety and efficiency and noise reduction.



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Guest Writer

NorthStar Impact has been invested in The Environmental Group (EGL) since November 2022. Jason has been CEO of EGL since early 2021. EGL has significantly grown revenue and earnings under his direction.

Jason Dixon reflects on FY24:

At the Environmental Group Limited we are “engineering a sustainable future”, with environmental sustainability as our core value, but also building a business which is sustainable through an attractive workplace for our staff, risk controls for business improvement, and strong financial returns.

Australia is a vast land which has undoubtedly had an impact on the way we have treated the environment, we currently have 1,168 active landfills supporting a population of just 27 million people. A great example of this is using the holes in the ground created by extractive industries to dispose of our waste rather than viewing waste as a resource. We are no doubt on the journey of changing our thinking and our policies to make change, but we need to embrace new technologies to protect our vast but

fragile environment. Bringing leading European recycling technologies to Australia means we can now achieve 96% resource recovery from many of our waste streams.

We believe in Financial Year 2024 we significantly strengthened our position, becoming the house of premium technology and intellectual property in the sectors we operate in, by developing or adopting new technologies to reduce environmental impact, while recognising we need economical and practical solutions for the economy. The commercialisation of our PFAS separation technology is an excellent example of developing IP to have a significant environmental impact at very low capital and operating cost.

To achieve these outcomes it takes determination, time and money to create better pathways for the environment.

NorthStar Impact supported EGL by participating in a capital raising to pursue “engineering a sustainable future” while enjoying substantial shareholder returns.



NorthStar Theory of Change: Childcare

The Challenge

Affordability and accessibility continue to be the main challenges for the Australian childcare sector. Current policy, which includes an Activity Test, has created a system that fails to support children in lower socio-economic areas and childcare deserts – areas lacking childcare services – mean that 500,000 Australians live without access to these services. Rising cost-of-living pressures have made childcare even less affordable. Australia now ranks as the 7th most expensive country for childcare services globally, with families spending 26% of their average earnings or 20% of their net family income on early learning.⁷

Recent developments

FY24 has brought several significant changes to the Australian childcare sector. The Australian Competition and Consumer Commission (ACCC), after examining childcare costs, found that the current market dynamics of the Early Childhood Education and Care (ECEC) system allow those with the highest ability to pay to access the highest quality services. In February 2023, the government tasked the Productivity Commission with investigating the feasibility of creating an “affordable, accessible, equitable, and high-quality” childcare system. The report found that capping childcare fees at \$10 a day could allow 61,900 more children to benefit from early years education and enable 7,300 more parents to enter the workforce. It also recommended abolishing the Activity Test and establishing a new funding model for Aboriginal community-controlled services.⁸

In August 2024, the Federal Government announced a 15% wage increase for childcare workers over two years. This significant change is expected to address supply-side challenges and is seen as a precursor to possible further reforms aimed at improving affordability.

Between 2020 and 2024, the number of childcare places in Australia increased by around 70,000, with the highest growth in metropolitan and major regional areas. However, remote areas saw minimal growth, and in some very remote regions, access to childcare even declined.

The latest report from the Mitchell Institute, International Childcare Report: Mapping the Deserts (2024), confirmed that access to ECEC has not significantly improved in regional, rural, and remote areas. Many communities remain in ‘childcare deserts,’ where there are three or more children for every available spot within a 20-minute radius.⁹

Impact Strategy

NorthStar’s strategy is to invest in high-quality developers of childcare centres and operators of childcare services. We allocate capital to:

- Ensure sufficient supply to meet growing demand.
- Direct capital to providers delivering superior quality.
- Improve affordability for low-income households.
- Enhance accessibility in underserved areas.
- Support better wage outcomes for childcare educators.
- Encourage measurement and reporting of wellbeing and developmental outcomes.

7. [https:// www.theparenthood.org.au/new_oecd_data](https://www.theparenthood.org.au/new_oecd_data)

8. <https://www.pc.gov.au/inquiries/completed/childhood/report/childhood-volume1-report.pdf>

9. <https://www.vu.edu.au/mitchell-institute/early-learning/childcare-deserts-oases-how-accessible-is-childcare-in-australia>

Portfolio companies

- Arena REIT
- G8 Education
- Mayfield
- Nido

Engagement for Impact

In FY24, we had 46 meetings focused on Childcare, which included our portfolio companies, other private companies and suppliers, not-for-profits and policy think tanks. Our engagement strategy was focused on achieving accessible, quality, affordable childcare for all Australian children by:

- Ensuring our providers meet or exceed national quality standards across all centres.
- Engaging with the sector on policy settings to improve accessibility, especially in underserved areas.
- Advocating for affordable childcare.
- Pushing for complete inclusion by abolishing the Activity Test.
- Advocating for wage increases for childcare educators.
- Encouraging collaboration between providers, not-for-profits, government and other stakeholders.

An example is our active participation in the Minderoo Foundation's Thrive by Five campaign, which involves weekly meetings with stakeholders advocating for affordable and accessible childcare. This campaign is supported by over 100 organisations and, as the only fund manager in the campaign, we have focused on bringing our portfolio companies, Thrive by Five members and other stakeholders together to foster meaningful dialogue on the changes needed. We also made a submission to Jobs and Skills Australia, emphasising that a well-paid, well-trained, and well-supported workforce is essential to building the ECEC system that Australia's children need and deserve.

As part of our Impact Alpha Webinar Series we hosted Jay Weatherill from Thrive by Five and Matthew Edwards, MD of Nido Early Learning, to discuss key reform changes and outcomes – this webinar was open to all.



Impact Journeys: Childcare

G8 Education (ASX: GEM)

GEM is an Australian provider of early childhood education and care services, operating childcare centres nationwide. G8 Education supports families by delivering quality early learning environments that foster child development and well-being.

45,000 children in childcare

- » **Input:** \$43 mn invested in tangible assets; \$1.05 mn intangible assets.
- » **Output:** 414 total centres with 35,000 children per week.
- » **Outcome:** Provides a safe and secure environment for children to be cared for and educated.
- » **Impact:** 40,000 children in care services, helping brain development, higher cognitive functions and early language skills; supporting the transition into primary school; increasing participation of parents in the workforce.

Arena REIT (ASX: ARF)

ARF is a real estate investment trust (REIT) specialising in social infrastructure properties, particularly childcare centres and healthcare facilities across Australia. Arena REIT focuses on long-term leases with high-quality tenants, supporting essential community services.

20,826 children in childcare

- » **Input:** \$10mn in acquisitions, \$4mn in capex on operating activities, \$49mn on development capex on a total asset base as at June 2024 of \$1.62bn.
- » **Output:** Seven ELC developments completed, 142 new ELC (Early Learning Centres) development projects acquired.
- » **Outcome:** Early development and socialisation outcomes for children; Childcare availability to allow for parent employment.
- » **Impact:** 267 operating ELC properties offering an estimated 25,098 licensed places across Australia, equivalent to an estimated 20,826 children receiving early learning childcare benefits per day. 9 healthcare assets providing community-based healthcare and specialist disability accommodation.

Nido Education (ASX: NDO)

NDO is an Australian early childhood education provider focused on high-quality childcare and early learning services. Nido Education operates centres with a Reggio Emilia-inspired approach, fostering creativity, exploration, and personal growth in young children.

- » **Input:** 24 acquired learning centre, bringing its portfolio to 52. \$2.5mn invested in property, plant & equipment.
- » **Output:** 4,614 licensed places across 52 learning centres; 1,821 employees.
- » **Outcome:** Provides a safe and secure environment for children to be cared for and educated.
- » **Impact:** >6,000 children developing basic cognitive and language skills supporting their learnings outcomes during primary school.

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Guest Writer

NorthStar has been a member of the Thrive by Five Campaign since mid-2023. This campaign, headed up by Jay Weatherill AO, advocates for a high-quality, universally accessible and affordable early learning system. Jay was the 45th Premier of South Australia and the longest continuous serving Minister of the South Australian Labor Party.

Jay comments on the current early childhood landscape:

The long-awaited Productivity Commission report into Australia's early childhood education and care system has backed Thrive by Five's vision of a universally accessible and affordable system.

Australia's early education and care system is at a crossroads.

The average family with two children in early learning spends 16 per cent of their income on fees. Last year's increase to the childcare subsidy was a positive step, but the savings parents initially saw have been eaten up by fee rises.

At the same time, many families struggle to find a place, with 24 per cent of Australia considered a "childcare desert", where there are at least three children for every available spot.

ECEC affordability and access challenges have led to Australia having some of the highest rates of women working part-time, among comparable countries.

The Activity Test prevents children of families that experience disadvantage from accessing

the life-changing benefits of ECEC, including children of single mothers, First Nations families and families on low incomes.

Our campaign is calling for universal ECEC, including a legislated entitlement to early childhood education that is free for low income families or fixed at \$10 a day for other parents.

Without this, costs to parents will continue to skyrocket, and too many children and families will continue to miss out.

Early childhood education and care helps set children up for life. Children who have the opportunity to attend high quality ECEC are more likely to start school ready, to finish school and go on to further education and eventually participate in the workforce. They have better health and wellbeing outcomes and are less likely to come into contact with the justice system.

Early childhood campaigners and stakeholders were thrilled to hear the Prime Minister declare that universal early childhood education and care would be a legacy of his government, sitting alongside great Australian economic and social achievements like Medicare and compulsory superannuation.

To deliver this legacy, the Federal Government must take bold steps towards reform and we look forward to working with the sector and with the government to deliver a system that will work for every child.

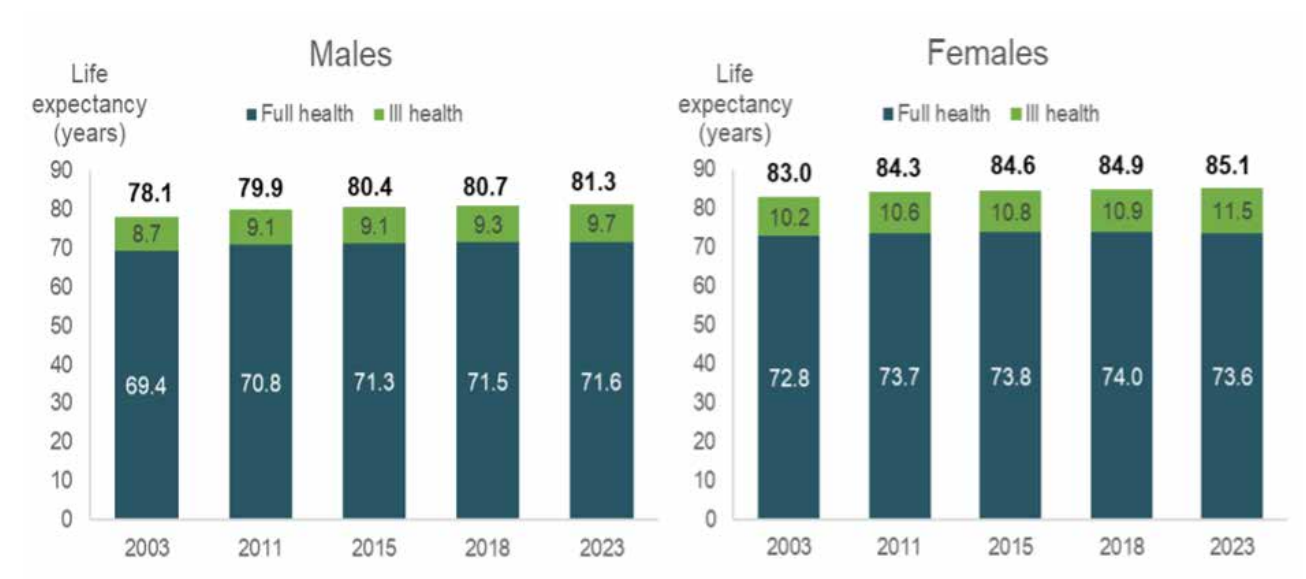
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NorthStar Theory of Change: Pharma

The Challenge

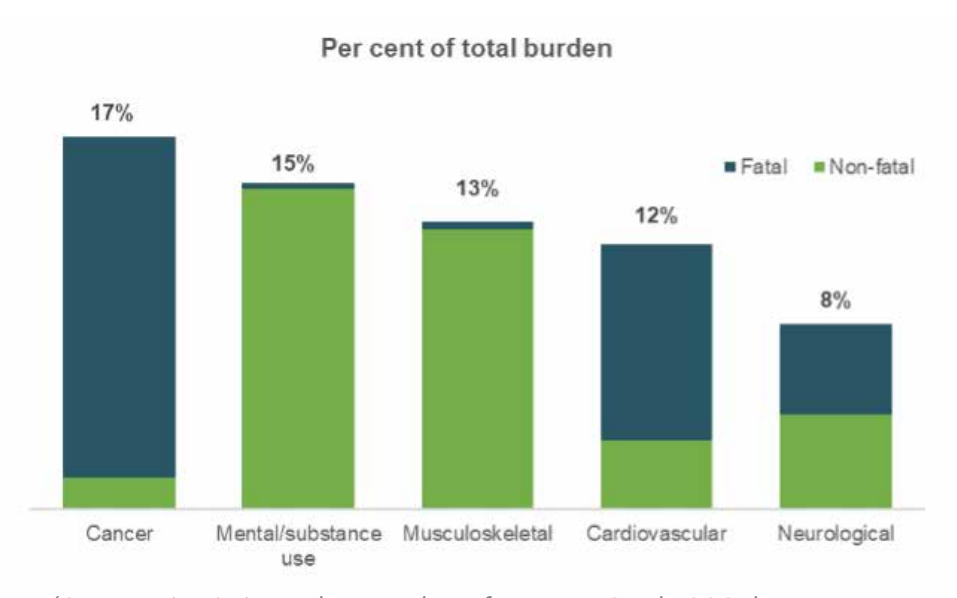
Although Australians have enjoyed an increase in life expectancy over recent decades, the proportion of our lives that we are spending in good health has slightly declined. This means that although we are living longer, we are also sick for longer¹, which has led to increased pressures on our medical systems. There is greater need for new treatments, as well as innovation and efficiency in healthcare, to address this trend and deliver better patient outcomes.



[1] (Source: AIHW Australian Burden of Disease Study 2023)

Recent developments

In 2023, the 5 disease groups causing the most burden of disease (i.e. lost years of healthy living, both fatal and non-fatal) were cancer, mental health conditions and substance use disorders, musculoskeletal conditions, cardiovascular diseases and neurological conditions:



(Source: AIHW Australian Burden of Disease Study 2023)

Recent advancements in the application of radiopharmaceuticals have led to improvements in efficacy over existing standards of care for both the diagnosis and treatment of a range of cancers, with excitement around theranostics. This enables the identification of tumors with a higher degree of accuracy and at an earlier stage to be combined with treatment using the same pharmaceutical. Pluvicto, a treatment of metastatic castration-resistant prostate cancer, is already available and Novartis has achieved close to US\$1bn in sales in the last full year.

NorthStar invested in Clarity Pharmaceuticals at IPO in 2021 and participated in another capital raise in FY24. As described below, Clarity is a radiopharmaceutical company in the clinical trial phase.

Impact Strategy

NorthStar's strategy is to invest in drug development and commercialisation companies to:

1. Provide funding for clinical trials to bring new treatments to market.
2. Support commercialisation of new treatments.
3. Improve treatment outcomes for patients.
4. Reduce the burden on the healthcare system.
5. Extend life expectancy and the proportion of healthy living years.
6. Encourage measurement and reporting of development and commercialisation outcomes.

Portfolio companies

- Botanix
- Clarity Pharma
- CSL
- Dimerix
- Mayne Pharma
- Neuren Pharmaceuticals
- Neurotech
- Opthea
- Radiopharm



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Impact Journeys: Pharmaceuticals

Clarity Pharmaceuticals (ASX: CU6)

CU6 is a clinical-stage radiopharmaceutical company specializing in precision treatments for serious diseases, particularly cancer. Clarity's targeted therapies aim to enhance diagnostic accuracy and treatment efficacy, offering potential improvements in patient outcomes. Their work contributes to advancing oncology care with more focused and effective treatment options.

\$42,000,000 of Research and Development towards the improvement of diagnostic and treatment outcomes for children and adults with cancer

» **Input:** \$45.8mn in research and development expenditure, including patent costs. The Company completed a capital raising of \$121mn in April 2024 and received \$10mn in non-dilutive cash funding through R&D Tax Incentive in June 2024.

» **Output:**

THERAPY

- SECURE trial with ^{67}Cu -SAR-bisPSMA in metastatic castrate-resistant prostate cancer (mCRPC):
- Successfully completed cohort 2 at the 8GBq dose level and cohort 3 at the 12GBq dose level. Commenced the first multi-dose cohort, cohort 4, with up to 4 cycles of ^{67}Cu -SAR-bisPSMA in the SECURE trial.
- The first patient ever to be dosed with two cycles of ^{67}Cu -SAR-bisPSMA at 8GBq achieved a complete response to treatment based on RECIST v1.1 criteria. Prior to ^{67}Cu -SAR-bisPSMA, the patient had failed multiple lines of treatment, including hormone therapy, an investigational agent and chemotherapy.

DIAGNOSTICS:

- Clarity safely dosed its first participant with ^{64}Cu -SAR-bisPSMA in the diagnostic registrational Phase III trial, CLARIFY, and recruitment is ongoing
- COBRA Phase II ^{64}Cu -SAR-bisPSMA trial in patients with biochemical recurrence (BCR) of prostate cancer: Initial data from Clarity's diagnostic Phase I/II trial, COBRA, confirmed ^{64}Cu -SAR-bisPSMA is safe and highly effective in detecting prostate cancer lesions in patients with BCR.
- Targeted Alpha-particle Therapy program with ^{225}Ac -bisPSMA that focused on identifying a lead compound from a number of different analogues.
- Added exclusive license from Memorial Sloan Kettering Cancer Center for intellectual property that enables antibody 'pre-targeting' for the diagnosis and treatment of cancer.
- Entered into a clinical supply agreement with Northstar to produce ^{67}Cu -SAR-bisPSMA drug product for Clarity's Phase I/II and Phase III trials

» **Outcome:** The improvement of diagnostic and treatment outcomes for children and adults with cancer.

» **Impact:** ^{64}Cu -SAR-bisPSMA was found to be safe and highly effective in detecting prostate cancer lesions in patients prior to radical prostatectomy and BCR of prostate cancer in Phase I and Phase II trials.



Opthea (ASX: OPT)

OPT is a clinical-stage biopharmaceutical company focused on developing treatments for eye diseases, particularly wet age-related macular degeneration (AMD) and diabetic macular edema (DME). Their innovative therapies target unmet medical needs, aiming to improve vision and quality of life for patients with serious retinal conditions, thereby contributing to advancements in eye health globally.

2,000 patients

» **Input:** US\$176m R&D spend; US\$33,489 invested in the purchase of equipment. Successful completion of two equity capital raises totaling A\$317mn to advance sozinibercept to Phase 3.

» **Output:** Completed enrollment of all patients in phase 3 pivotal clinical trial.

» **Outcome:** Developing novel therapies to treat highly prevalent and progressive retinal diseases.

» **Impact:** Treated 998 patients in COAST trial and 986 patients in ShORe trial respectively.



Impact Journeys: Inclusion, Affordable Housing, Education and Healthcare

AI Media (ASX: AIM)

AIM is a digital media company specialising in creating accessible content through captioning, transcription, and translation services. They enhance communication inclusivity, particularly for deaf and hard-of-hearing individuals, across education, government, and corporate sectors. AI Media's solutions help bridge accessibility gaps, promoting equal access to information and media.

5,500,000 viewers included into entertainment, news and other sources of information delivered via video media

- » **Input:** \$900k invested in property, plant and equipment, \$300k invested in intangibles.
- » **Output:** 116.8mn minutes of iCap network usage, 53.3mn minutes of LEXI usage.
- » **Outcome:** AIM works with the largest global broadcasters with the most amount of reach. In the US, AIM works with the top 6 largest broadcasters who collectively in 2023 had an average of 19m viewers (Most watched TV networks in the U.S. 2023 | Statista) along with major sports leagues; NBA, NFL, MLB and MLS. In Australia, AIM provides captions for Channel 7, Channel 9 and Foxtel.
- » **Impact:** Estimates that AIM reaches approximately 5.5 million viewers (50% of the 11mn US hearing impaired) in the US and 500,000 (28mn x 3.6% x 50%) people in Australia.

Aspen Group (ASX: APZ)

APZ is a property investment and management company specialising in affordable accommodation solutions across Australia. They focus on delivering quality, budget-friendly housing options, from residential communities to holiday parks, supporting diverse needs.

More than 500 people gaining access to good quality, affordable homes, and low average rents maintained for all tenants.

- » **Input:** \$73mn spent on acquiring, refurbishing and developing affordable accommodation.
- » **Output:** Acquisition of 5 new properties: Sierra Lifestyle Village WA (\$4.00 million), an apartment complex at 26 Treatts Road Lindfield NSW (\$3.40 million), 81 apartments at Burwood VIC (\$8.11 million), land in Normanville SA (\$2.56 million), land adjoining Aspen's Highway 1 Park SA (\$1.32 million). Refurbishment of 223 dwellings. Development and sale of 97 new Lifestyle houses and residential land lots. Increased portfolio scale to 5,107 dwellings and sites with an average rent of only \$317 per week.
- » **Outcome:** Provision of additional quality rental accommodation on affordable and competitive terms to low-to-middle income households.
- » **Impact:** Existing buildings reused / recycled, avoiding the waste of demolition and building new. Creation of new small houses that consume less resources. More than 500 people gaining access to good quality, affordable homes, and low average rents maintained for all tenants.

Impact Journeys: Inclusion, Affordable Housing, Education and Healthcare

Kip McGrath (ASX: KME)

KME delivers tutoring services across Australia, specialising in small-group and personal tutoring for students who need extra support. With a focus on literacy and numeracy, their tailored programs boost student confidence and academic performance, bridging educational gaps and empowering young learners to achieve their potential.

489 learning centres delivering small group tutoring and improved learning outcomes for students

- » **Input:** \$4.437mn used in investing activities.
- » **Output:** 1.938mn lessons delivered across 489 physical centres and many more online lessons. Average of 75.8 weekly lesson numbers across centres.
- » **Outcome:** Learning outcomes for students delivered by small group tutoring.
- » **Impact:** Over 4,341.37 years of academic progress (assumption from YOY change from FY2023).

Pacific Smiles (ASX: PSQ)

PSQ operates dental centres across Australia, providing accessible and high-quality dental care to local communities. Through their network of clinics, they enhance oral health services, promoting preventative care and improving patient outcomes.

450,000 patients treated

- » **Input:** \$3.8 million invested in dental centre relocations, expansions and refurbishments, as well as technology upgrades and dental centre equipment replacement.
- » **Output:** 128 centres, 543 dental chairs, 764 active dentists.
- » **Outcome:** Better dental health for the community.
- » **Impact:** 538,000 people treated in FY24.



If you'd like to discuss anything in this document further, please reach out to Lucy Hames, Head of Investor Relations on lucy.hames@northstarimpact.com.au

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The Fund's Target Market Determination is available here: **NorthStar-Target-Market-Determination.pdf**. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

