



18 April 2017

ASX Announcement

Via e-lodgement

\$25 million in funding secured by THINK's Incubator from Moelis Australia Childcare Development Fund.

THINK Childcare Limited (TNK) is pleased to announce that EDHOD Pty. Ltd., one of its Incubators', has secured a \$25 million debt facility from Moelis Australia Childcare Development Fund, providing EDHOD with growth capital to accelerate the development of its pipeline of childcare centres.

As a part of the facilitation of this funding agreement, TNK has entered into 62 new management agreements incorporating buyout terms for each childcare centre. It is expected that this pipeline will be fully operational within 36 months, and provide a solid pipeline of newly developed, purpose built childcare centres around Australia for TNK to acquire progressively over the next 5 years.

The management agreements have 'put and call options' that trigger at an average 75% occupancy, with minimum historical and annualised EBITDA. The purchase price is based on 4 x centre actual EBITDA with an earnout period over 12 months from settlement. The management agreements provide TNK with the ability to acquire a quality pipeline of centres at attractive valuations.

For managed centres under these agreements, TNK derives an annual management fee of \$60,000 for centres with 99 places and below and \$100,000 for larger centres, in addition to a fee of \$60,000 to open a centre.

David Hodge (EDHOD Director) said "the transaction gives EDHOD the capacity to execute on our business plan of developing the pipeline of centres we have been working on for the last 3 years".

Moelis Australia Childcare Development Fund is managed by Moelis Australia Asset Management Ltd, a wholly owned subsidiary of Moelis Australia Limited.

Mathew Edwards

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End.



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