Market Office Announcement

ASX Limited

Date: 25 March 2019

THINK CHILDCARE LIMITED ("TNK") ANNOUNCES ACQUISTION OF 4 CHILDCARE SERVICES AND CAPITAL RAISING

- TNK contracted to acquire four newly constructed, purpose-built Nido childcare services in Perth (the "Acquisitions") on a 4.0x EBITDA multiple, with a total purchase price of $6.5 million (excluding costs and potential earn-out)
- The Acquisitions are expected to contribute $1.6 million to EBITDA in the first 12 months post acquisition
- TNK launches Institutional Placement ("Placement") to raise approximately $18.0 million ("Capital Raising") to fully fund the Acquisitions, capital investment program, and increase funding flexibility for further acquisitions

ACQUISITIONS

TNK is pleased to announce that it has agreed to purchase four newly constructed, purpose-built Nido childcare services from incubator partners. The Acquisitions are located in metropolitan Perth, providing diversification from TNK's predominantly VIC-based portfolio, and are in line with TNK's incubator acquisition strategy and Nido transition. The Acquisitions are being made at a multiple of 4.0x EBITDA, subject to earn-out and clawback.

The Acquisitions will be fully funded by proceeds from the Capital Raising.

A summary of the Acquisitions and their impact on TNK's performance is outlined in the table below:

Data	Acquisition Metric
Initial purchase price (including costs)	$6.8m
EV / EBITDA multiple	4.0x
Potential earnout (1x EBITDA multiple)	$1.6m
Average Utilisation (at 17 March 2019)	89%
Average daily fees	$117
Number of licensed places	308
Weighted average lease term (including options)	31 years

Rent per licensed place	$3,312 per year
Service performance per licensed place	$5,253 annualised
Locations	WA (Perth metropolitan)
Age of services	All built in last 2 years
Demographics of areas ratio (supply: demand)	1:4, with benefit from future development

CAPITAL RAISING

TNK has launched an institutional placement of approximately 11.4 million shares to raise approximately $18.0 million (“Capital Raising”). The shares issued through the Placement will represent approximately 23.5% of TNK’s issued share capital prior to the Placement. New shares issued under the Placement will rank equally with existing ordinary shares.

The Placement price for the Capital Raising is $1.58 per share.

The proceeds of the Capital Raising will be applied to fund:

- the Acquisitions;
- six expected further acquisitions and two greenfield roll-outs in 2019, as previously outlined as part of the TNK strategy;
- capital investment program;
- replacement of the $3.2m underwritten DRP;
- working capital, earnouts, and transactions costs.

In addition to funding the Acquisitions, the Capital Raising will reduce debt exposure and increase funding flexibility for further acquisitions, providing TNK with a capital runway to acquire, develop, upgrade and execute on the premium Nido brand transition.

The Placement is expected to settle on Thursday, 28 March 2019 and the shares will be allotted on the following business day, Friday, 29 March 2019. Shares under the Placement will be issued under TNK’s existing ASX Listing Rule 7.1 and 7.1A placement capacity, and will not be entitled to the CY18 final dividend.

TNK shares will remain in a trading halt today while the Placement is conducted. TNK shares are expected to recommence normal trading on Tuesday, 26 March 2019, or such other time as the completion of the Placement is announced to the market.

The Capital Raising is being managed by Canaccord Genuity (Australia) Limited and Wilsons Corporate Finance Limited.

CY19 GUIDANCE

TNK announces CY19 EBITDA outlook in the range of $13.8m - $14.8m, including the impact of the Acquisitions and six further acquisitions (which are assumed to occur in Q4CY19).

THINK Childcare Limited

DRP UNDERWRITING WITHDRAWAL

The underwriting of the dividend reinvestment plan in relation to the CY18 final dividend ("DRP Underwriting") will be terminated. TNK has resolved with Canaccord's agreement to withdraw the DRP Underwriting in favour of the Capital Raising. Part of the proceeds of the Capital Raising will replace funds previously expected to be raised pursuant to the DRP Underwriting.

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