ASX ANNOUNCEMENT

Date: 18th June 2015

Centre Acquisitions

Think (TNK) is pleased to announce that it has contracted the purchase of two childcare centres and reached essential terms on a further two centres. All centres under contract or under consideration are EPS accretive.

Vendors of the two contracted centres have agreed to receive consideration part in equity, at a $1 per share, and part in cash, as set out below.

	Acquisition Metrics
Projected profit fiscal 2016 stand alone	$822,794.00
Projected profit fiscal 2016 after payroll tax	$747,314.00
Purchase Price	$3,050,000.00
Equity	$1,750,000.00
Equity Issue Price	$1.00
Debt	NIL
Cash	$1,300,000
Multiple on a standalone basis	3.71
Multiple after payroll tax	4.08
Licenced Places	157
Average occupancy	93%
Acquisition costs percentage	7.63%
Source	Managed Centres (Incubator)

The purchases are subject to normal contractual obligations such as due diligence, assignment of lease, licence issuance and bank approval.

Acquisition rational

We have now integrated the centres acquired via the IPO. Whilst we keep a constant focus on the individual centre performance, we are now applying further attention to acquisitions. Acquisition of centres will allow us to leverage our structural cost base across a broader revenue stream, effectively improving our economies of scale and reducing the head office cost per child.

There continues to be a supply of centres to the market fitting TNK's acquisition criteria and we believe there is opportunity to make further accretive acquisitions in the next 6 months.

Think Childcare & Education Ltd re-affirms full year prospectus forecast

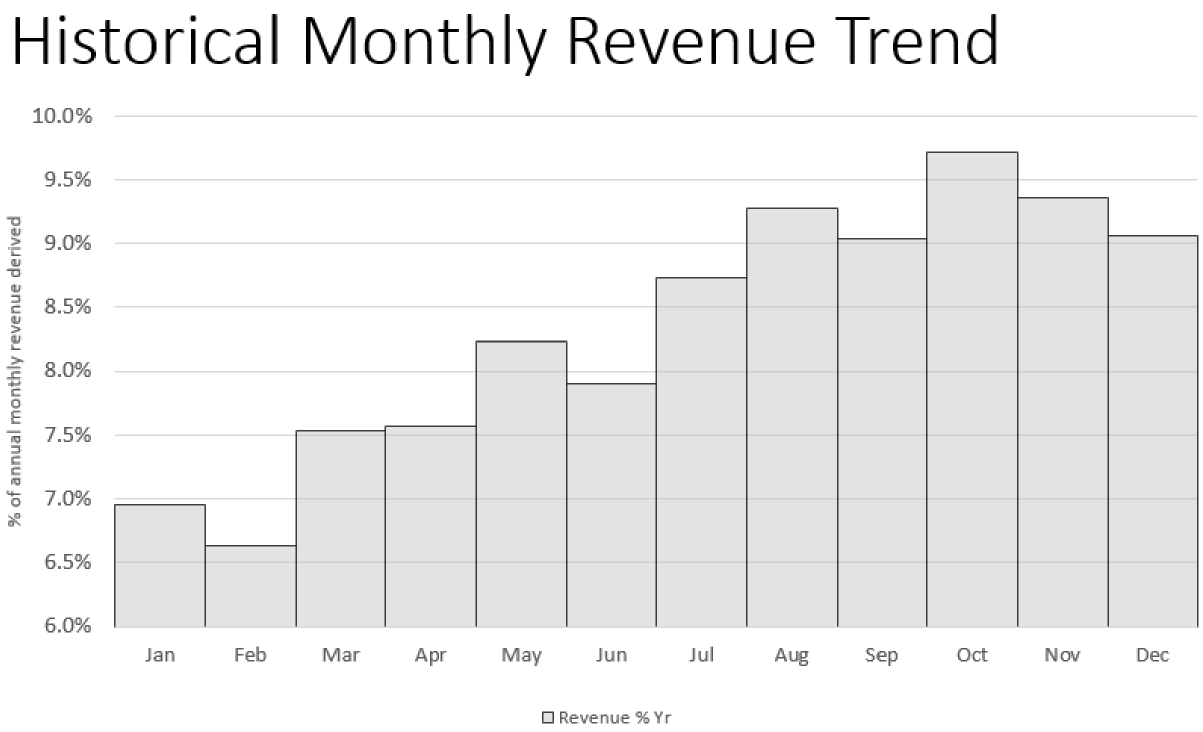
TNK management, after extensively reviewing the forecasts for the full year (calendar 2015), remain confident that we will achieve the full year prospectus forecast of $6.8mil EBITDA and $4.33mil NPAT. We expect dividends per share to be consistent with the prospectus guidance of up to 7.1c and paid post calendar 2015 (C2015) results.

The C2015 forecast includes only our foundation 30 centres. Any contributions from acquisitions will be in addition to the prospectus forecast number.

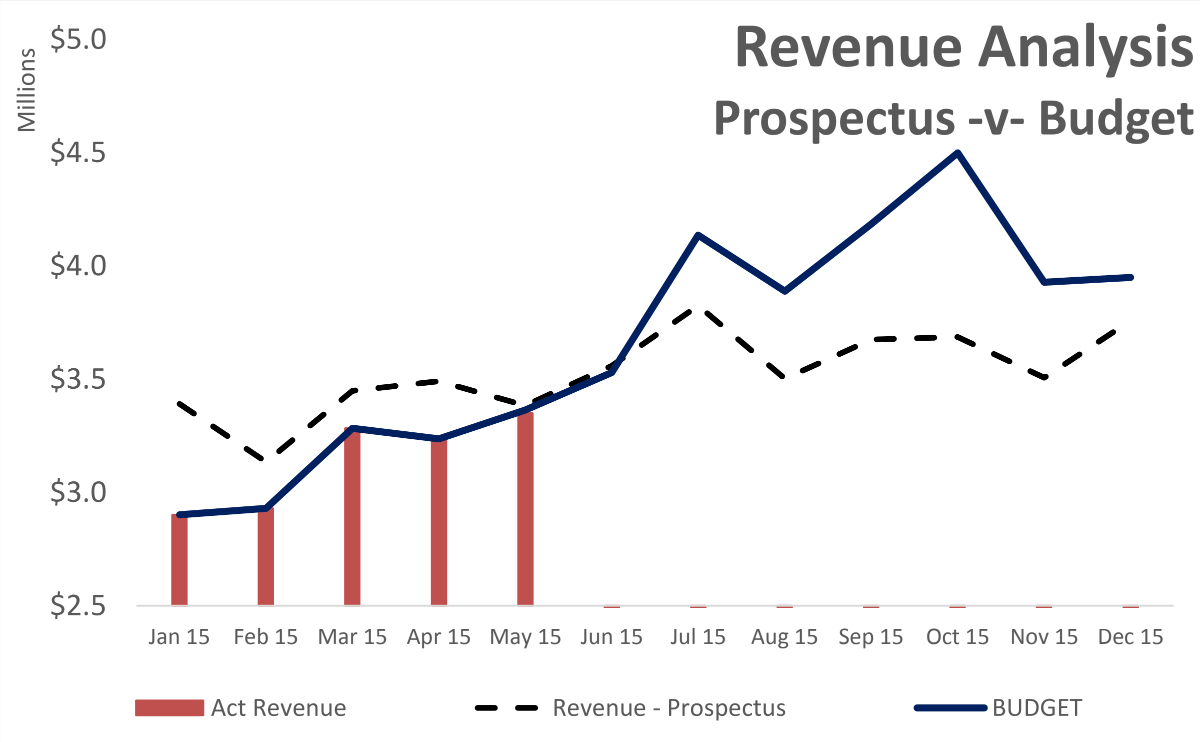
Think Childcare & Education Ltd half year forecast

The prospectus utilisation (occupancy + casual bookings) forecasting for the first 6 months of C2015 underestimated the seasonality of the sector.

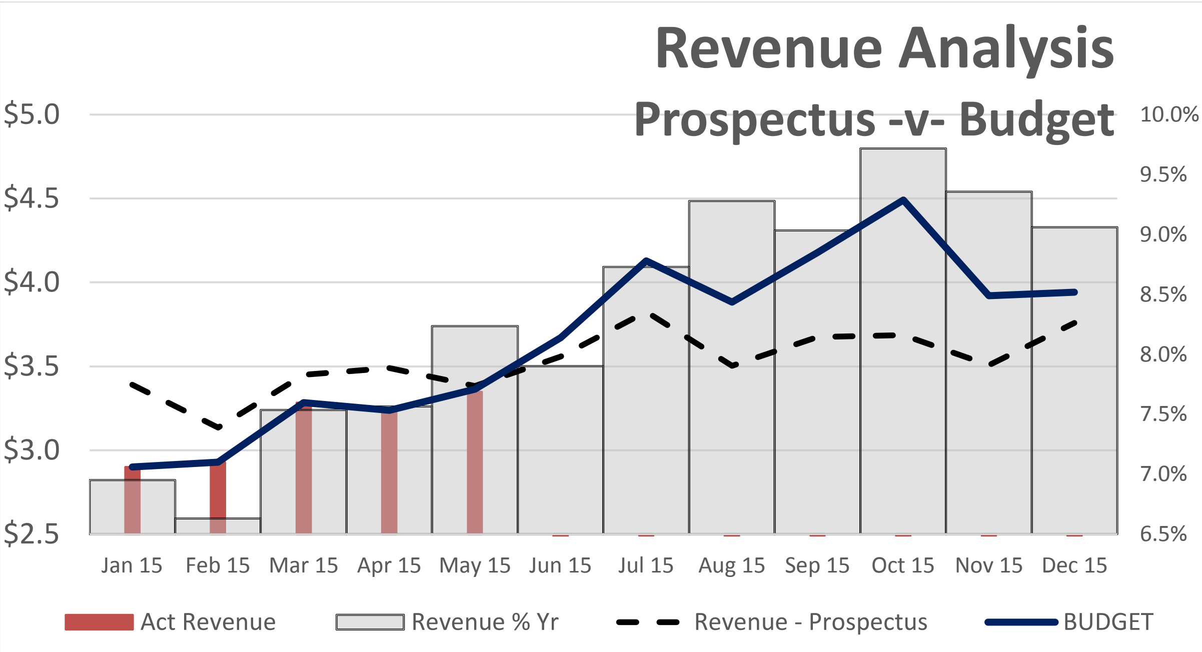
Graphically below represents the seasonality of revenue as ascertained from an analysis of a cohort of 7 foundation centres over a 3 year period. This cohort was chosen as they were the longest available group of static centres in the foundation group and therefore provide our expectation of the seasonal performance of the IPO foundation portfolio.



Represented below in graphical format is the prospectus revenue forecast against our internal budget.



Overlaying the above graphs in the figure below, demonstrates graphically the prospectus forecast against seasonal trends of the foundation cohort and the actual results to May plus our internal budget. Generally it should be noted that TNK's Budget aligns with "Historical Monthly Revenue Trend" with a 92% correlation coefficient, whereas the prospectus forecast correlates at 74% due to it not being aligned with seasonality.



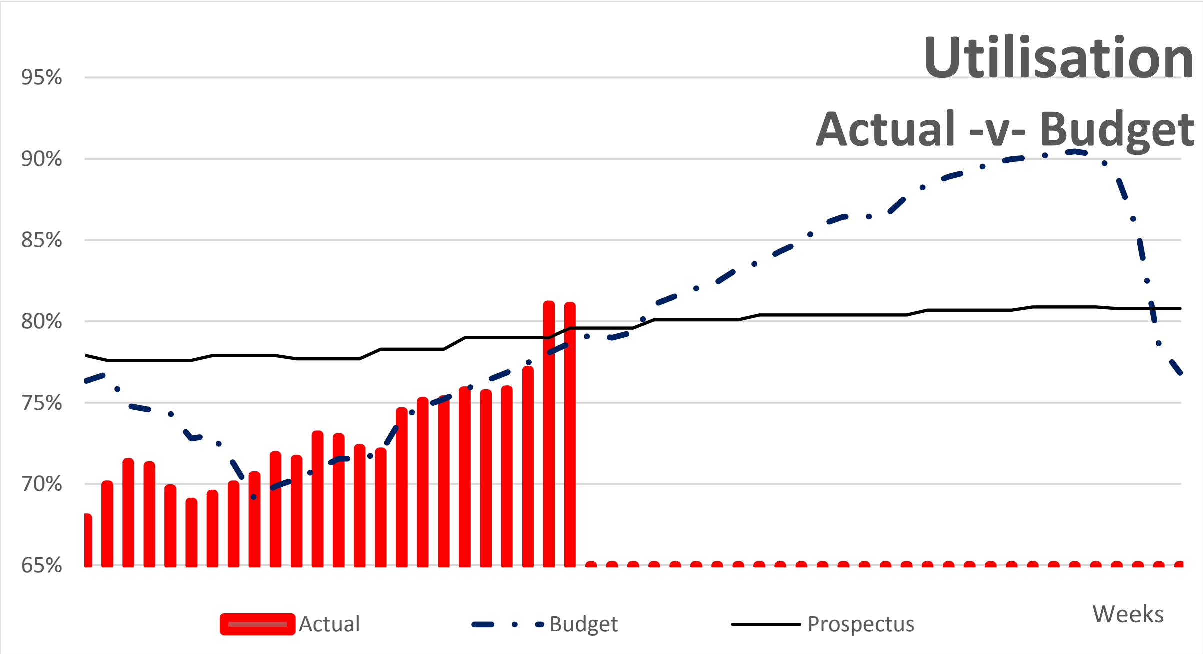
In the industry, there are four factors that determine revenue, namely:

- Licenced places (maximum children for the facility);
- The number of children that attend on periodic basis, generally calculated as a percentage of licenced places available, and notated as "*occupancy*" for booked and repeating places, and "*utilisation*" for occupancy plus casual bookings (which are a constant factor in the sector);
- The number of days in the period that services were provided; and
- The net daily rate charged.

Below is a diagram that overlays utilisation to date on a weekly basis on an Actual and Budget basis against the prospectus. You will note that we are currently trading inline or above our budget and now in excess of the prospectus utilisation forecast. For simplicity sake, the "gap" between the dotted blue line and the solid black line represents variations in revenue (as related to the factor of utilisation); i.e. TNK has traded below prospectus forecast to June, but is now expecting to trade above, such that the average utilisation for the year is expected to be in line with the prospectus, as is revenue.

The solid black "flat line" representing the prospectus forecast reflects the lack of seasonality that was built into the half year model; particularly when contrast against the actual results on a weekly basis.

The prospectus forecasts a peak utilisation of 80.9% in November 2015. It should be noted that the TNK foundation IPO portfolio of centres, without capital investment and marketing initiatives, achieved a peak utilisation in November 2014 of 84.8%, whereas the Company is now budgeting peak utilisation for 2015 at 90.5%.



As we settled the centres at the calendar year-end, we were not able to work with the Educators to plan seasonal annual leave, move Educators between centres and manage the work force as we typically would have under previous operations. We have now grown utilisation in line with our existing workforce and have reduced the labour cost per child per day by c14% from January 2015 to May 2015. We expect, as utilisation improves, the cost per child per day will continue to steadily decrease.

As discussed above, the lack of seasonality in the utilisation forecast in the prospectus and the additional wage costs, TNK's half year EBITDA will be approximately $1.4mil, being $1.6mil below prospectus forecast. We expect to make the half year shortfall up in the 2nd half of the year; which is seasonally a better trading period.

> *"The management team is continuing to drive the performance of our existing portfolio, and will continue to assess acquisition opportunities both externally and within our managed centres. Whilst we expect to make further acquisitions, we will only do so where we see opportunity to grow shareholder value, and the assets make sense geographically and strategically"*

Mathew Edwards
Managing Director and Chief Executive Officer

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