



16 November 2020

**ASX Limited
Market Announcement**

Think Childcare Group (ASX Code: TNK)

Acquisition of four (4) trading purpose-built Nido childcare Services

Think Childcare Group (ASX: TNK) (**Group**) is pleased to announce the acquisition by Think Childcare Limited, of four (4) trading purpose-built Nido childcare Services.

Two (2) Services were acquired within the Group; Think Childcare Limited acquiring from Think Childcare Development Limited, which represents a positive confirmation of the Group's internal incubation model.

The remaining two (2) Services were acquired from a third party incubator partner as the Group continues to execute on its Nido strategy.

Please refer to the accompanying investor presentation for further details.

END

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This announcement has been authorised for release by the Boards of directors, Think Childcare Limited and Think Childcare Development Limited



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ACQUISITION UPDATE

16 November 2020



Kensington Park, South Australia

Southern River, Western Australia

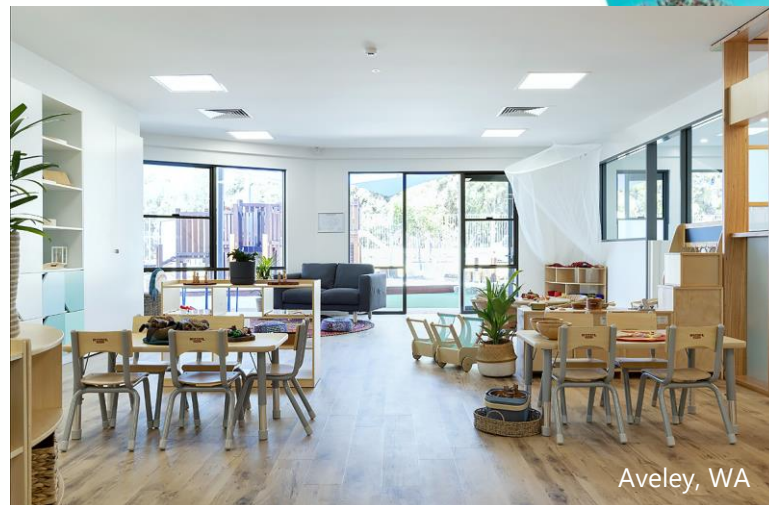
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HIGHLIGHTS

TNK acquires 4 purpose built Nido Services

- › Purchase price of \$8.4m with an anticipated CY21 EBITDA of \$2.1m
- › 2 Services acquired from Think Childcare Development Limited (TND) and 2 Services acquired from third party incubator partner
- › Services trading at an average utilisation of greater than 90%
- › Purpose built Nido Services located in metropolitan areas



KEY METRICS – TNK ACQUISITIONS

Services trading above 90% average utilisation and located in high demand suburban areas

Key information	
Number of Services	4
Purchase price	\$8.4m
Number of licensed places	358
Average fees per day	\$127
Rent per licensed place	\$3,786 per year
Average lease term (including options)	39 years
Location	WA(3), SA(1)
Children to licensed places	4:1
Average utilisation (week ended 8 November 2020)	90%+
CY21 EBITDA forecast	\$2.1m

- > Services are trading at an average utilisation of greater than 90%
- > Average size of 90 places with one Service located in South Australia and 3 in Western Australia
- > All Services are purpose built and located in metropolitan areas where supply demand ratio is 4:1 (target ratio being 3:1)
- > The acquisitions were funded from available cash resources

KEY METRICS – TND DIVESTMENTS

Services trading above 90% average utilisation and located in high demand suburban areas

Key information	
Number of Services	2
Capital Investment	\$917K
Sale value	\$3.8mil
Gain/Profit on sale	\$2.9mil
Average time to trade to breakeven	5 months
Average time from open to sale	11 months
Cumulative profit/loss from open	\$11K
Number of licensed places	184
Occupancy (week ended 8 November 2020)	90%+

- > Services are trading at an average utilisation of greater than 90%
- > Average size of 92 places
- > Services located in South Australia and Western Australia
- > All Services are purpose built Nido and located in metropolitan areas where supply demand ratio is 4:1 (target ratio being 3:1)
- > Gain/profit on sale is as forecast in guidance given on 2 November 2020 for TND
- > TND has 23 sites remaining in its pipeline
- > TND, post divestment, has 10 trading Services with an average occupancy of 53%

HIGH QUALITY NIDO PHYSICAL ENVIRONMENTS

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CORPORATE DETAILS

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IMPORTANT INFORMATION & DISCLAIMER

This presentation has been prepared by Think Childcare Limited (ABN 81 600 793 388) (**TNK** or **Company**) and is for personal use only.

This presentation has been prepared in relation to the Company's acquisition of four (4) child care Services. The presentation contains general information in summary form which is current as at 16 November 2020.

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Completion of the acquisition of the four (4) child care Services are conditional on certain matters (including the landlords' consent to the assignment of the leases) which are considered by TNK to be customary conditions for an acquisition transaction of this nature and TNK anticipates that the conditions will be able to be satisfied in the required timeframes. There are risks that terms of the premises lease relating to a Service are onerous and that negotiation with third party owners may be protracted. There is a risk that any condition may not be able to be satisfied or waived and that completion of the acquisitions may be delayed or cancelled if TNK fails to complete. If there is an associated equity raising, TNK will need to consider alternative uses for the proceeds of the equity raising or options for returning capital. Failure to complete the acquisitions may have an adverse impact on TNK's financial performance, financial position and security price.

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