



Sales
Leasing
Valuations
Management

Affinity Education Group 42 Campbell Street, Cooma NSW

Information Memorandum

Auction 11am AEST Tuesday 27 June 2017
Doltone House, Sydney





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Investment Features

- Secure 10 year lease to Affinity Education to December 2023
- Further 10 + 5 + 5 year options to 2043
- Affinity Education Group: highly experienced national childcare provider with over 160 centres
- Minimum 3% annual rent increases / tenant pays all outgoings
- Well maintained facility licensed for 46 places
- Long established and successful business in operation since 1999 and acquired by Affinity in 2013
- Substantial 1,808 sqm site, 400m from Cooma Hospital and 1.2km from Cooma's retail precinct including: ALDI, McDonald's, Woolworths and Coles
- Cooma: the gate way to the state's alpine district and the 'Capital' of the Snowy Mountain/Monaro Region

Site Area

- 1,808 sqm

Zoning

- General Residential (R1)

Title Details

- Lots 1 and 2 in Deposited Plan 164193

Lease

- Term: Ten (10) years from 5 December 2013 to 4 December 2023
- Options: One (1) x Ten (10) years + Two (2) x Five (5) years from 5 December 2023 to 4 December 2043

Net Income

- \$100,530 pa + GST and Outgoings

Method of Sale

For sale by Auction on Tuesday 27 June 2017 at 11am Doltone House, Sydney



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Introduction

Burgess Rawson are delighted to offer the freehold interest in the childcare investment leased to Affinity Education and located in Cooma, New South Wales. The property will be offered separately for sale by way of Auction, to be held from 11.00am (AEST) on Tuesday 27 June 2017, at Doltone House, Sydney.

Burgess Rawson

Since being established in 1975, our Sales, Leasing, Property Management, Valuation and Advisory services fulfil the complete and ongoing needs of our clients. Burgess Rawson has a network of offices throughout Australia and extensive regional partnerships with local property specialists, giving unmatched depth and reach in all commercial property market sectors.

At every stage of ownership, our clients benefit from our specialist knowledge, experience, market insights and advice. Our strong market position, plus our targeted and effective marketing campaigns through a highly qualified database, generates maximum exposure for properties.

Burgess Rawson's iconic Portfolio Auctions are held in Melbourne and Sydney bringing together a diverse range of national commercial and investment grade properties.

Based on our knowledge and experience, Burgess Rawson are confident in recommending these properties as outstanding childcare investment opportunities.

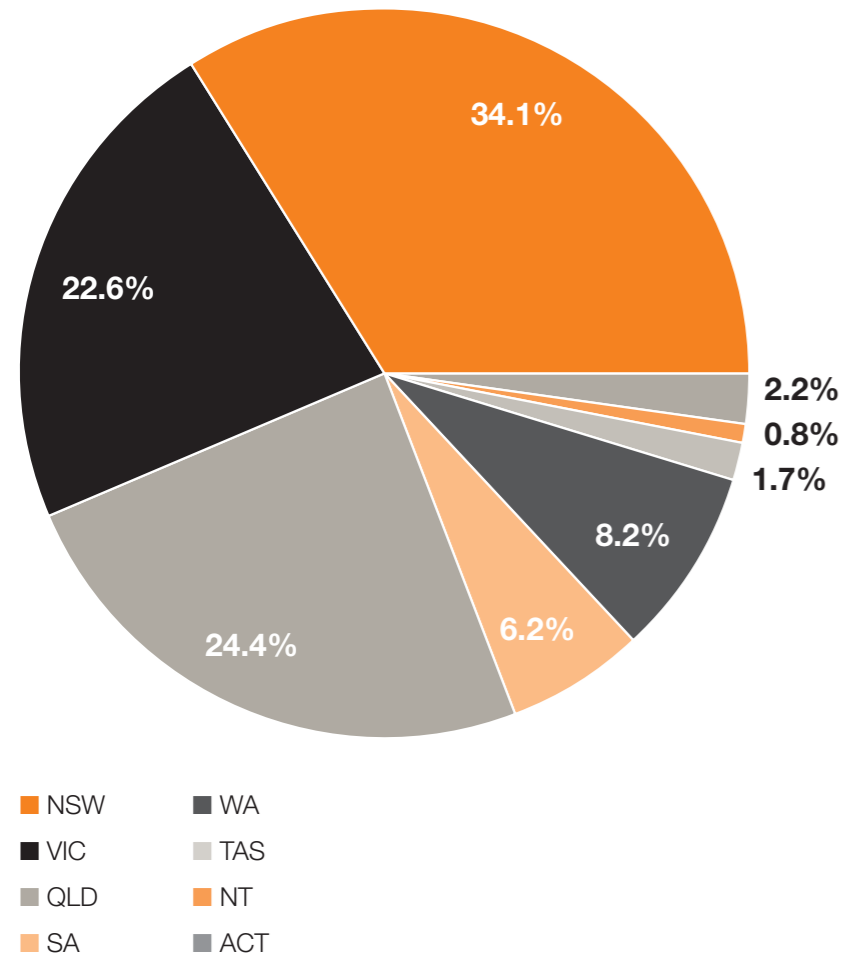


Key Childcare Sector Attributes

According to the Department of Education and Training report for the September 2015 quarter, the future looks bright for childcare investments with over 1.2 million children attending some form of approved childcare service in Australia. This has been steadily growing and has increased by 5.7% on the previous year.

Children using Long Day Care by State and Territory

September Quarter, 2015



According to IBIS World, a baby boom is coming – with the rate of births expected to increase by 6.4% over the next few years as the workforce ages.

The demand for childcare is being driven by a number of industry factors including:

- The high cost of living driving parents back to work
- The desire of more women to maintain careers than in the past
- The government's position that female workforce participation is good for the economy.
- The Australian Government subsidises the cost of child care for eligible families through the Child Care Benefit and the Child Care Rebate to help parents with the cost of approved child care.

Under the proposed federal Budget the new Child Care Subsidy will replace both existing government subsidies where families earning up to \$65,000 will be able to receive up to 85% off the cost of their childcare back in subsidies. This rate reduces with higher incomes, with families earning over \$170,000 potentially receiving 50% back.

Nationally, total government recurrent and capital expenditure on childcare services was \$8.6 billion in 2014-15 (an increase of 9.6% from 2013-14). Over the last five years, the average annual growth rate of real expenditure was 10.6% which may push up demand for childcare even further.

Source: ABS and Department of Education and Training

During the September 2015 quarter, the total estimated expenditure on Child Care Benefit and Child Care Rebate was over \$1.8 billion, 64% of which was paid in relation to families using Long Day Care services.



Property Details

Address

42 Campbell Street, Cooma NSW

Title Details

Lot 1 in Deposited Plan 164193

Lot 2 in Deposited Plan 164193

Site Area

1,808sqm

Zoning

The land is General Residential - under the Cooma-Monaro Local Environmental Plan 2013

Location

The subject property is situated 400 metres from Cooma Hospital, 800 metres from both Cooma Public and St Patrick's Parish Schools, and 1.2km south from the Cooma commercial centre.

Site Description

The subject site is an irregular shaped allotment and has the following boundary dimensions:

- Southern boundary 40 m
(Campbell Street frontage)
- Western boundary 44 m
(Vale Street frontage)
- Northern boundary 41 m
(Local Road frontage)
- Eastern boundary 44 m
- Total area 1,808 sqm

Building Description

A single level facility with service approval for 46 Long Day Care (LDC) places.

Accommodation includes:

- Foyer + office
- Two (2) education rooms with direct access to external play areas
- Two (2) cot rooms
- Children's bathrooms
- Laundry + storage rooms + prep rooms
- Kitchen + staff room + unisex toilet
- Storage shed

Building Construction

- Floor Coverings: Combination of laminate and carpet
- External walls: Timber cladding
- Internal lining: Painted Plasterboard
- Windows: Timber framed/aluminium framed
- Doors: Timber
- Ceilings: Painted plasterboard
- Roof: Colourbond

Lease Details

Lessee:	Affinity Education
Lease Term	Ten (10) years
Lease Commenced	5 December 2013
Lease Expiry	4 December 2023
Options	One (1) x Ten (10) years + Two (2) further terms of Five (5) years to 4 December 2043
Outgoings	All outgoings paid by the tenant including management fees
Rent Reviews	Annually to the greater of 3% or CPI
Security	Security Bond to the amount of \$25,300
Net Income	\$100,530 p.a. + GST and Outgoings

Tenant Profile



AFFINITY EDUCATION
GROUP

Affinity Education Group Limited was incorporated in May 2013. Affinity Education owns and operates in excess of 160 child care centres across Queensland, New South Wales, Victoria, West Australia and the Northern Territory. In December 2015, Anchorage Capital Partners acquired Affinity Education Group.

Through the ownership and management of its child care centres, Affinity Education focuses on providing the highest standard, localised education programs and care solutions for children, whilst implementing the centralised management support functions and disciplines of a corporate entity.

As experienced early childhood leaders, Affinity Education's child care and high quality education solutions for families are second to none. Affinity Education provides long day care, before and after school care and occasional care for children up to 12 years, throughout Australia. Affinity Education maintains the highest standard of integrity throughout all facets of the business by adhering to its core values.

Location

Cooma is the largest town and the commercial 'Capital' for the Snowy Mountain and Monaro Region.



The Snowy Monaro Regional Council is located in south eastern NSW, covering an area of 15,158 square kilometres.

Spanning from the ACT border in the north to the Victorian border in the south, the shire incorporates the three major townships of Cooma, Bombala, Jindabine and other smaller towns and villages.

The area is characterised by its rolling plains, mountain ranges and snow fields, numerous National Parks including Kosciuszko, providing

the region with a sound and sustainable local business base, driven by tourism including accommodation, food and retail services.

Other contributors to the economic output of the region include agricultural production of livestock, and the emerging horticulture markets showcasing the best of the regions food production of truffles, lavender and colder climate vineyards.

For further information:
<http://www.snowymonara.nsw.gov.au/>

Market Evidence

Comparable sales of regional NSW childcare investments under \$2,000,000 recently transacted by Burgess Rawson include:

Date	Address	Sale Price	Yield
May 2017	Wagga Wagga, 117 Ashmont Avenue NSW	\$1,850,000	7.44%
Apr 2017	Salt Ash, 2634 Nelson Bay Road NSW	\$3,401,000	7.06%
Apr 2017	Carrington, 26 Cowper Street NSW	\$3,500,000	5.91%
Apr 2017	Tamworth, 8 Patrick Street NSW	\$1,404,000	6.95%
Feb 2017	Katoomba, 2 Dora Street NSW	\$4,100,000	6.83%
Feb 2017	Green Point, 107-109 Koolang Road NSW	\$2,405,000	5.61%
Feb 2017	Tamworth, 2A Kenny Street NSW	\$1,705,000	6.73%
Oct 2016	Tamworth, 1 - 3 Bligh Street NSW	\$2,600,000	6.45%
Sep 2016	Coffs Harbour, 1 Kiddell Place NSW	\$3,240,000	6.25%

Sale Process

Method of Sale

The property will be offered separately for sale by Auction:

Auction Tuesday
27 June 2017 at 11am

Doltone House, Sydney



Interstate Bidding

Interstate bidding is available strictly by prior arrangement at one of Burgess Rawson's interstate offices.



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Property Management

Burgess Rawson is not only a market leader in investment sales; we are also regarded as highly professional property managers. With an Australia-wide management portfolio of well in excess of \$2billion, we are able to equally manage property whether it is CBD, metropolitan or regionally located.

- More than Rental Collection - care for your property and investment. Professional property management enhances and secures your tenant relationship, provides property accounting (including tax invoicing/ GST/BAS) reports and maximises rental. We take the weight off your shoulders.
- Achieve \$ savings - through our buying power and access to the best providers: insurance brokers, maintenance contractors etc. We have the contacts and long standing relationships to be at your disposal.
- Improve your cash flow - Apart from ensuring regular rental increases are enacted to maximum sustainable levels, a professional property manager reviews council rating values, as well as accessing the best taxation depreciation assessment to improve your after income tax bottom line. We aim to add more to your overall capital value.
- Not missing a beat - With our daily contact in the market, we hear about new developments, tenants on the move etc. Whether this information helps protect your investment or leads to further opportunities, we have our ears to the ground.
- Problem solvers Owning property has never been more complicated, and highly regulated. We are fully conversant with the Retail Tenancies Act, Town Planning and Occupational Health and Safety Regulations. We can anticipate and prevent problems.
- Experience and involvement - Our professional property managers offer a wide range of expertise. Time in the profession, and continuous improvement and involvement in the property sector is an intellectual pursuit. We can provide a pool of such experience to individual clients in a way we believe self-managed property owners cannot.
- Value for money - free yourself up to concentrate on the returns of your investments, rather than the daily issues which can arise from your property. The small cost involved in professional management is money well spent. We have the resources to service your needs.

To discuss your particular property management's needs, please contact either your Burgess Rawson selling agent or Ingrid Filmer today.



Ingrid Filmer

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Property Management Department
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Disclaimer

The information contained in the report/information memorandum has been prepared in good faith and due care by the Vendor, Burgess Rawson. Any projections contained in the report therefore, represent best estimates only and may be based on assumptions.

The information contained herein is supplied without any representation as to its truth or accuracy. All interested parties should make their own enquiries to satisfy themselves in all aspects and obtain their own independent advice in order to verify any of the information. All stated dimensions and areas are approximate.

The vendor does not represent or warrant the accuracy of any information contained in this document. Subject to any statutory limitation on its ability to do so, the vendor disclaims all liability under any cause of action, including negligence, for any loss arising from reliance on this document.

Specifically, we make the following disclosures:

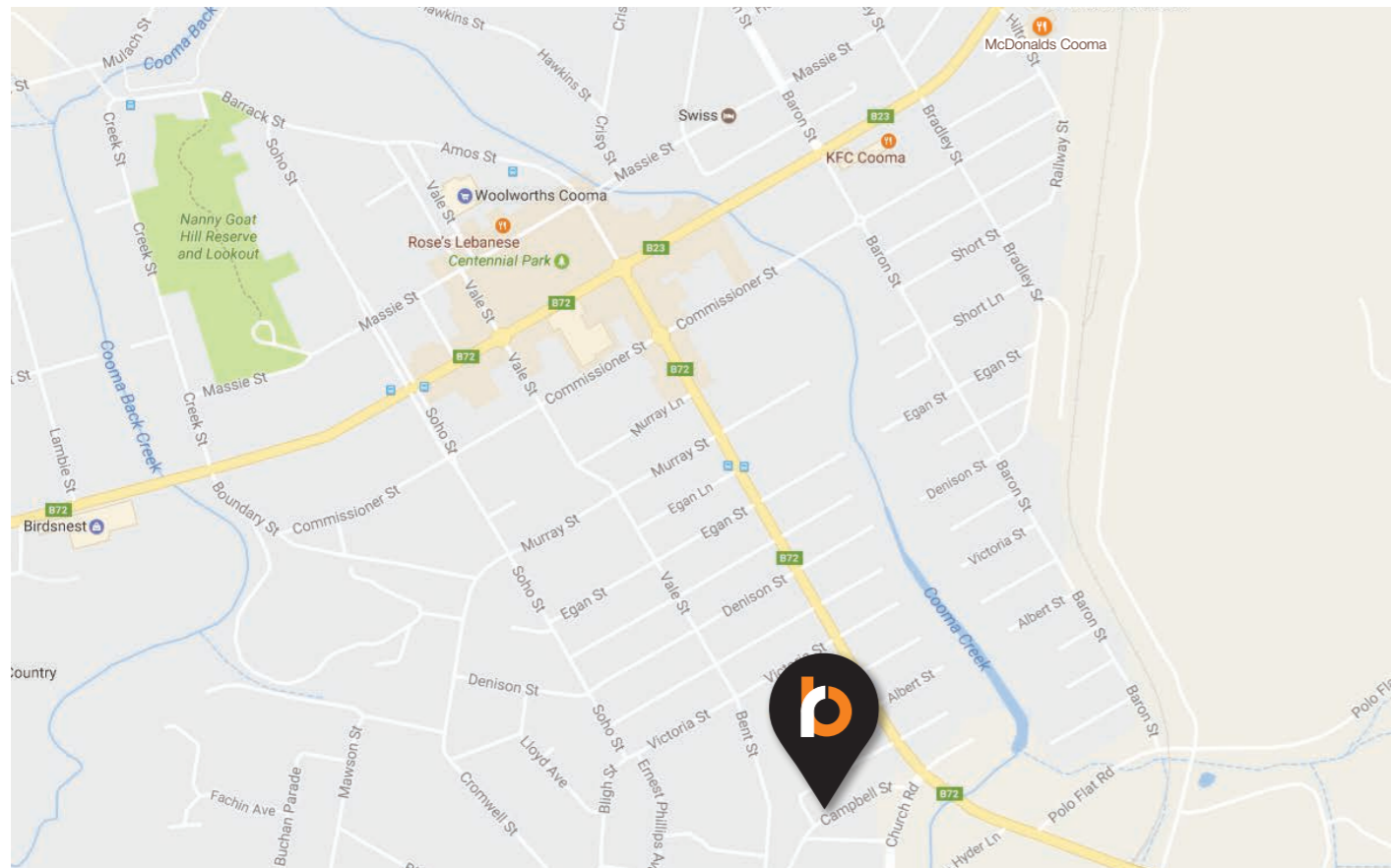
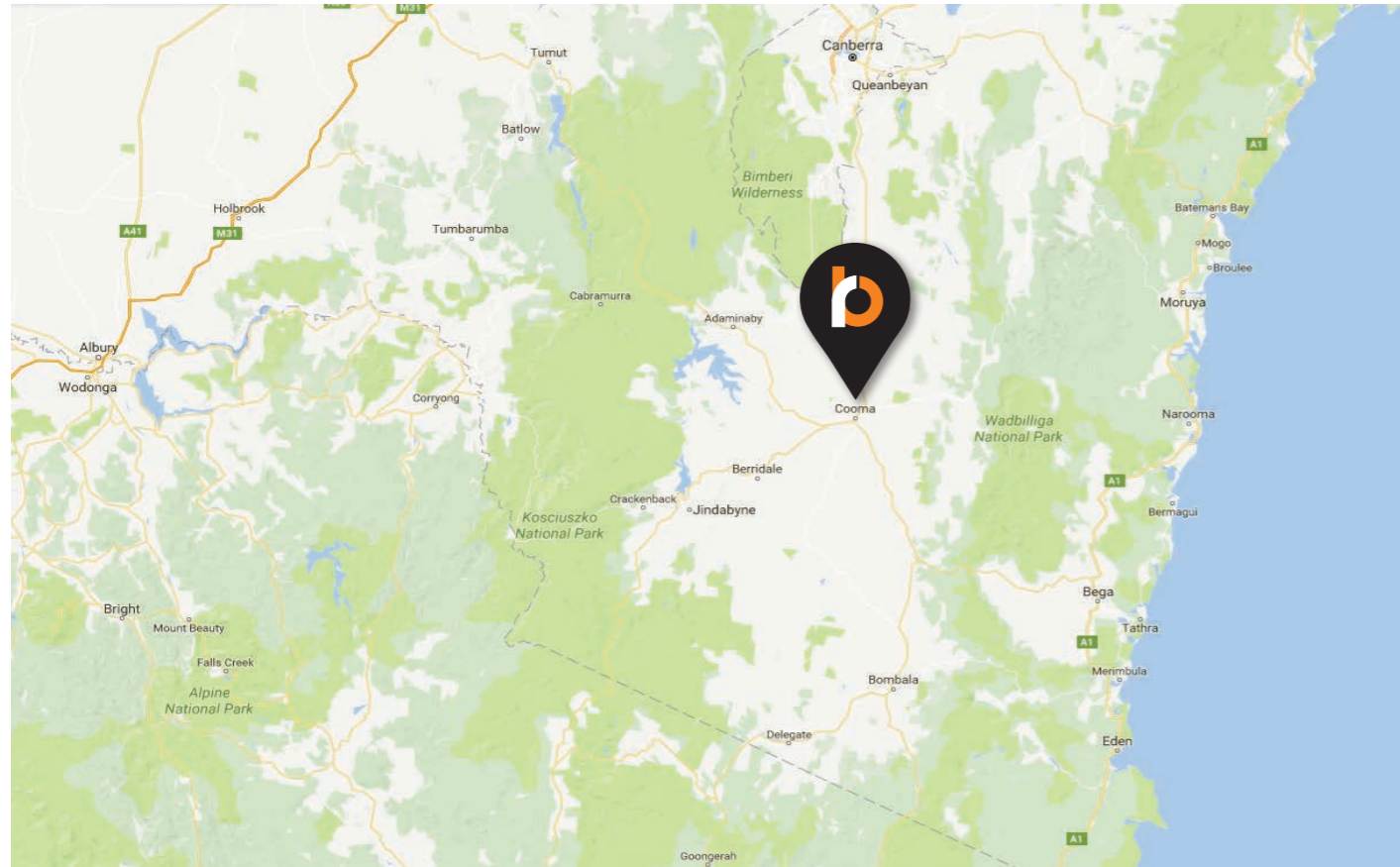
- All areas, measurements, boundaries, car space numbers, rents are approximate only and subject to final confirmation;
- The indicative depreciation schedule has been provided by Napier & Blakeley and is an estimate only and cannot be used for tax purposes.

The information contained in this document is provided as a guide and an aid to further investigation by potential purchasers. Prospective purchasers should seek legal, financial and other appropriate expert advice in order to verify the accuracy of the information presented in this document

GST Disclaimer

Burgess Rawson advises that the financial information in this report relating to income, outgoings and the like is provided without reference to the possible impact of GST, if any. Purchasers should make their own assessment of the impact of GST on the investments and the returns derived there from after obtaining expert professional advice.

Location Maps



Title

InfoTrack
An Approved LPI NSW
Information Broker

Title Search



LAND AND PROPERTY INFORMATION NEW SOUTH WALES - TITLE SEARCH

FOLIO: 1/164193

SEARCH DATE	TIME	EDITION NO	DATE
28/3/2017	12:28 AM	7	5/5/2015

LAND

LOT 1 IN DEPOSITED PLAN 164193
AT COOMA
LOCAL GOVERNMENT AREA SNOWY MONARO REGIONAL
PARISH OF COOMA COUNTY OF BERESFORD
TITLE DIAGRAM DP164193

FIRST SCHEDULE

COOMA BORROWING PTY LIMITED (T AJ456918)

SECOND SCHEDULE (3 NOTIFICATIONS)

- RESERVATIONS AND CONDITIONS IN THE CROWN GRANT(S)
- AI223697 LEASE TO AFFINITY EDUCATION GROUP LIMITED EXPIRES: 4/12/2023. OPTION OF RENEWAL: ONE OPTION OF TEN YEARS, AND TWO FURTHER OPTIONS OF FIVE YEARS EACH.
- AJ456919 MORTGAGE TO JOHN PEARSON CERCHI

NOTATIONS

UNREGISTERED DEALINGS: NIL

*** END OF SEARCH ***

111461

PRINTED ON 28/3/2017

* Any entries preceded by an asterisk do not appear on the current edition of the Certificate of Title. Warning: the information appearing under notations has not been formally recorded in the Register. InfoTrack an approved NSW Information Broker hereby certifies that the information contained in this document has been provided electronically by the Registrar General in accordance with Section 96B(2) of the Real Property Act 1900.

Lease Schedule

ANNEXURE "A"

REFERENCE SCHEDULE

Item 1 (Clauses 1 & 4)	PREMISES The Land and improvements known as 43 Campbell Street, Cooma NSW 2630
Item 2 (Clauses 1 & 4)	TERM Ten (10) years
Item 3 (Clause 1)	DATE OF COMMENCEMENT The <u>5</u> day of <u>December</u> 2013
Item 4 (Clauses 1, 5(a) & 5(c))	RENT \$92,000 per annum (plus GST)
Item 5 (Clause 1 of the Rent Review Schedule)	RENT REVIEWS
	(a) CPI Adjustment Date
	<ul style="list-style-type: none">the first day of the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth Rental Years of the Term;where the Lease is renewed under clause 15(a), the first day of the second, third, fourth, fifth, sixth, seventh, eighth, ninth and tenth Rental Years of the First Option Term;where the Lease is renewed under clause 15(b), the first day of the second, third, fourth and fifth Rental Years of the Second Option Term;where the Lease is renewed under clause 15(c), the first day of the second, third, fourth and fifth Rental Years of the Third Option Term; and
(Clause 2 of Rent Review Schedule)	(b) Market Review Date
	<ul style="list-style-type: none">where the Lease is renewed under clause 15(a), the first day of the first Rental Year of the First Option Term;where the Lease is renewed under clause 15(b), the first day of the first Rental year of the Second Option Term; andwhere the Lease is renewed under clause 15(c), the first day of the first Rental Year of the Third Option Term.
Item 6 (Clause 7(a))	PERMITTED USE Child Care Centre and any other ancillary use
Item 7 (Clause 15(a)) (Clause 15(b)) (Clause 15(c))	OPTION TERMS
	(a) First Option Term – ten (10) years
	(b) Second Option Term – five (5) years
	(c) Third Option Term – five (5) years
Item 8 (Clause 9(a))	PUBLIC LIABILITY INSURANCE Twenty million dollars (\$20,000,000.00)
Item 9 (Clause 18(a))	ADDRESS FOR SERVICE
	(a) Lessor: Address: <u>c-1 JWM Law Suite 24 / 22-24 Cibbs St</u> Facsimile: <u>Niranda 2229</u>
	(b) Lessee: Address: PO Box 624 Biggera Waters, QLD 4216 Facsimile:
Item 10 (Clause 1 & 22)	SECURITY BOND The amount of \$25,300