

Valuation Report

Nido Early School Ellenbrook

26 Westbrook Parade, Ellenbrook, WA, 6069

The Centuria Direct Property Fund (“CDPF”) and The Primewest Property Income Fund (“PPIF”) for the Purpose of a Merger, National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries for First Mortgage Security Purposes and David McCourt of BDO for Inclusion in an Independent Expert Report

15 November 2021

CIVAS Ref: C8364



Executive Summary

Valuation Details

<p>Instructing Party Mr Troy Dafter Chief Risk Officer – Financial Services Primewest Level 1, 307 Murray Street Perth WA 6000</p>	<p>Reliant Parties</p> <p>Registered Proprietor Purpose of Report Interest Valued Date of Valuation Date of Inspection</p>	<p>The Centuria Direct Property Fund (“CDPF”) and The Primewest Property Income Fund (“PPIF”) for the Purpose of a Merger, National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries for First Mortgage Security Purposes and David McCourt of BDO for Inclusion in an Independent Expert Report</p> <p>Perpetual Corporate Trust Limited First Mortgage Security and Financial Reporting Freehold Interest Subject to an Existing Lease 15 November 2021 21 September 2021</p>
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Property Overview

The subject property comprises a purpose-built, circa 2021, single level child care centre with on-site parking for approximately 26 vehicles. The Long Day Care (LDC) centre is currently approved for 87 children per day catering for 0-5 age groups and trades as ‘Nido Early School Ellenbrook’.

The improvements are erected upon an irregular shaped corner allotment that is relatively level throughout. The centre is positioned on the north-western corner of the intersection between The Promenade and Westbrook Parade. Vehicular ingress and egress are provided from a single crossover via Westbrook Parade

The property is located within the suburb of Ellenbrook within Metropolitan Perth, approximately 23 kilometres north-east of the Perth CBD. Notably, the property is situated within a developing mixed-use precinct within close proximity to Bunnings, a recently completed HomeCo development and other retail uses. Additional nearby development of note also includes Arbor Grove Primary School, Holy Cross College, Ellen Stirling Primary School and Ellenbrook Secondary College.



Site Area	2,244m ²
Unencumbered Indoor Area	301m ² (3.46m ² per child)
Unencumbered Outdoor Area	636m ² (7.31 m ² per child)
No. of Approved Places	87
Planning Scheme	City of Swan Local Planning Scheme No. 17
Zoning	Special Use

Tenancy Details

Tenant	Think Childcare t/a Nido Early Learning
Lease Commencement Date	18 February 2021
Term	20 + 10 + 10 years
Review Structure	Fixed annually to 3.00% with a market review in Year 11 and at the commencement of the option terms with a cap and collar of 10%.
Current Passing Rent	\$339,300 p.a. plus GST net (reflecting \$3,900 per place)
Weighted Average Lease Expiry	19.26 years



\$ Net Income:
\$339,300
(\$3,900 per place)

Person icon No. of places:
87 places

m² Unencumbered Area:
Indoor – 3.46m² per child
Outdoor – 7.31m² per child

Location pin icon Region:
Metropolitan

WALE 19.26 Years
by Income

Financial Details

Component	Passing Income
Current Passing Rent	\$339,300
Recoverable Outgoings	\$80,624
Annual Gross Income	\$419,924
Less Adopted Outgoings	(\$80,624)
Total Net Income	\$339,300 (\$3,900/place)

* Minor discrepancies may occur due to rounding

Valuation Calculations

Income Capitalisation		Direct Comparison	
Net Income	\$339,300	No. of Places	87
Capitalisation Rate Range	5.50% - 6.00%	Rate Per Place	\$62,500 - \$67,500
Capitalised Value Range	\$5,655,000 - \$6,169,091	Capital Value Range	\$5,437,500 - \$5,872,500
Adopted Income Capitalisation Value	\$5,900,000	Adopted Direct Comparison Value	\$5,700,000

* Minor discrepancies may occur due to rounding

Valuation

Adopted Value (Freehold Interest Subject to an Existing Lease)	\$5,800,000
Passing Yield	5.85%
Market Yield	5.85
Direct Comparison Rate Per Place	\$66,667

Valuation completed by: Emily Quick, AAPI MRICS – Senior Valuer | Specialisations e: emily.quick@colliers.com m: 61 448 011 026

Inspection completed by: Zane Gil, AAPI – Associate Director

NOTE: This Executive Summary must be read in conjunction with the attached report and the details contained therein.

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Key Assumptions & Important Comments

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- » Current market activity is showing significant buyer demand across the child care sector. This has been evidenced by both rising capital values and yield compression.

Market yields are now at the tighter end of the historical range which could indicate that we are approaching the top of the cycle. An alternative view is that returns on various types of property investments remain attractive in the current environment relative to alternative investment options (i.e. government bonds, offshore property, cash, equities, etc.) and that geared returns remain acceptable due to historically low debt pricing. Either way, asset prices are at historical highs and if alternative investment markets were to shift and become more attractive, or if lending interest rates were to increase, property investment yields would most likely begin to decompress having a direct impact on property values.

Accordingly, whilst the positive market sentiment and associated momentum is now evident, we are unable to provide any indication to its longevity. Accordingly, we caution the reliant parties that market dynamics can shift quickly and can adjust in a negative manner accordingly. It is therefore our very strong recommendation that this valuation advice be updated at regular intervals throughout the term of the debt funding period to ensure prudent funding practises are adopted and maintained. It is the obligation of the reliant party to initiate and formally instruct interim valuation update advice at the appropriate time.

- » We assume all information provided by the Instructing Party is correct and current.
 - » We have sourced the current service approval details of the subject property through the Australian Children's Education & Care Quality Authority (ACECQA) national registers and concluded it is permitted for a maximum of 87 children per day.
 - » We have not been provided with any trading performance data of the child care centre which increases the subjectivity of our assessment.
 - » We have relied upon the plans provided. Should inconsistencies with future building surveys to the lettable areas calculated and adopted arise, then this valuation will require amendment.
 - » The outgoings recoveries have been adopted in line with advice from Primewest and the budget provided. We caution, should actual outgoings recoveries differ materially to those advised and adopted, the value, saleability and cashflow available may be affected.
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Key Assumptions & Important Comments continued...

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- » This valuation has been completed under consideration of the Australian Property Institute's Valuation Protocol – Guidelines for API Declared Time of Crisis and / or State of Emergency Impacting Physical Inspection of Real Property as the Western Australia and New South Wales Governments' border access restrictions has prevented the signing Valuer from completing a physical inspection. We have therefore investigated the property details using a locally based Valuer and employee of Colliers who has completed the inspection using a detailed child care specific Inspection Checklist provided by the signing Valuer and under the signing Valuer's specific direction. We have sought to corroborate this information using online resources and from information provided to us by the instructing party. We have been instructed on this basis and our valuation is provided accordingly.
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Risk Assessment

Performance Risk	Comments on Performance/Risk	Risk Rating
Market		
Sentiment	Following a period of uncertainty after the declaration of the COVID-19 pandemic last year, activity is now considered to have recovered strongly, with the child care sector being in receipt of high levels of investor interest at present.	Low to Medium
Appetite	The property comprises a purpose-built child care centre of a modern construction located within a metropolitan location. Additionally, the long remaining lease term also enhances market appeal. Accordingly, we would anticipate a high-level of interest in this asset if offered to the market.	
Yield Risk	Although being historically low, yields have compressed throughout 2021 with further compression anticipated in the short to medium term.	
Buyer Profile	Based on the most recent sales and enquiries, the likely buyer profile would be existing child care owners along with private investors.	
Asset		
Location	Metropolitan location that is considered good. The property is located on the intersection of The Promenade and Westbrook Parade therefore achieving good exposure to passing traffic. Further, the catchment area provides for an above average demographic profile with a higher level of representation for the 0-4-year olds age group compared to the state average. Additionally, the market spend on child care within the subject's SA2 area is considered excellent.	Low to Medium
Competition	Competition is considered to be low within the catchment area with an existing supply ratio of 3.14 children per approved place. Notably, we have not identified any new centres proposed for the catchment area.	
Improvements	The property is a purpose-built child care centre constructed circa 2021. As at the date of inspection, the subject property presented in excellent condition for its age and the purpose for which it is used. The overall layout of the subject property is considered in line with market expectations. Additionally, the size is considered suitable for the current use. Further, the property is compliant with unencumbered ratios.	
Legal/Planning & Environment	The subject property is positioned in a Special Use zone pursuant to the City of Swan Local Planning Scheme No. 17. There do not appear to be any legal or re-zoning issues in the short to medium term. Investigations have revealed the subject is located within a bushfire rated area. Further, the existing use of the subject property does not present an environmental risk, nor does immediate surrounding development.	
Cash Flow		
Tenant Covenants	<p>The subject facility is trading as Nido Early School Ellenbrook. At the subject centre the hours of operation are advised to be 6:30am to 6:30pm, 50 weeks per annum. The subject service has not yet been assessed under the National Quality Standard Rating.</p> <p>Nido Early Schools was established in 2014 and today operates 66 child care centres throughout WA, VIC, QLD, SA, ACT and NSW with a further 13 currently in the pipeline. Nido is a subsidiary of Think Childcare Limited which was established in 2001 and initially comprised 3 centres located in Melbourne. Today, Think Childcare owns and manages over 78 centres across Australia. Notably, in 2021, Busy Bees Australia announced its potential acquisition of Think Childcare Limited for \$3.20 per stapled security which is not yet finalised.</p> <p>Overall, the property is considered to provide a strong lease covenant.</p>	Low to Medium
Passing Vs. Market Rent	The existing net rent reflecting \$3,900 per place is considered to be in line with current market parameters albeit towards the upper end.	
Lease Expiry Profile	The property represents a WALE of 19.26 years income. The WALE is considered long and would appeal to potential purchasers. Additionally, there are two further terms of 10 years each.	
Asset Management		
Experience	The property accommodates only a single tenant and therefore a high level of management is not required.	Low

SWOT Analysis



Strengths

- Modern purpose-built child care centre.
- Corner allotment with dual road frontage.
- On site car parking.
- Functional layout with easy access.
- The improvements are in excellent condition.
- WALE of 19.26 years by income.
- Fixed annual increases to 3.00% would appeal to investors in the current market climate.
- Strong lease covenant to Think Childcare.
- Child care asset class is government funded.
- Further two 10-year option periods.
- Complies with unencumbered indoor and outdoor area regulations.
- Higher population growth rate compared to WA.
- High female work participation rate.
- Within close proximity to a number of local primary schools.
- Above average demographic profile.
- Higher representation of 0-4-year old's age group compared to the state average.
- High market spend on child care within the subject's SA2 area.
- Low level of competition within the catchment area.



Weaknesses

- Exposure is limited to localised traffic only.
- Lower SEIFA score compared to WA.
- We have not been provided with any trading performance data of the child care centre which increases the subjectivity of our assessment.



Opportunities

- Install solar panelling to reduce electricity liabilities.



Threats

- Potential changes to child care legislation.
- Unforeseen capital expenditure requirements.
- Change in market fundamentals impacting on market appetite.
- Impact of potential further waves of COVID-19 infections.
- More pronounced economic uncertainty due to global economic events.
- Increase in competition levels.

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1 Instructions

1.1 Purpose of Valuation

We have received written instructions from Mr Troy Dafter, Chief Risk Officer – Financial Services of Primewest, dated 29 September 2021, to determine the Market Value and Fair Value of Nido Early School Ellenbrook, 26 Westbrook Parade, Ellenbrook, WA, 6069 as at 15 November 2021.

Purpose of Valuation	Reliant Parties
Financial Reporting	The Centuria Direct Property Fund (“CDPF”) and The Primewest Property Income Fund (“PPIF”) for the purpose of a merger
First Mortgage Security	National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries
Inclusion in an Independent Expert Report	David McCourt of BDO

We have assumed that the instructions and all subsequently supplied material, is a full and frank disclosure of all relevant information.

This valuation report is provided by CIVAS (NSW) Pty Limited (CIVAS) and not by any other company in the Colliers Group. The valuation report has been prepared for National Australia Bank Limited ABN 12 004 044 937 and its wholly owned subsidiaries (the ‘Bank’) on behalf of The Centuria Direct Property Fund (“CDPF”) and The Primewest Property Income Fund (“PPIF”) (the ‘Applicant’) for First Mortgage Security purposes only and for The Centuria Direct Property Fund (“CDPF”) and The Primewest Property Income Fund (“PPIF”) for Financial Reporting for the Purpose of Merger only and should not be relied upon for any other purpose or by any other person. For the sake of clarity we confirm that although this report has been prepared for the Bank on behalf of the Applicant, our extension of reliance for first mortgage security purposes is to the Bank only. Our reliance is extended to the Applicant for financial reporting purposes only.

Furthermore, this valuation has been prepared in accordance with our standard Terms & Conditions as provided to you and appended to this report. Clause 19.1 and Clause 19.3 does not apply to the Bank.

Our valuation has also been prepared in accordance with the Australian Property Institute (API) Australia and New Zealand Valuation and Property Standards and the Royal Institute of Chartered Surveyors (RICS) Valuation – Global Standards 2017 (Red Book).

A copy of the Letter of Instruction is attached to the rear of this report.

Pecuniary Interest

We confirm that the Primary Valuer who has undertaken this valuation:

- are suitably qualified to carry out such valuations and have at least five years appropriate experience;*
- are authorised under the law of the state or territory where the valuation takes place to practice as a Valuer;*
- have no pecuniary interest that could reasonably be regarded as being capable of affecting that person’s ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property; and*
- accept instructions to value the property only from the Trustee / Responsible Entity.*



Conflict of Interest

We also confirm that the Valuer has no conflict of interest that could reasonably be regarded as being capable of affecting that person's ability to give an unbiased opinion of the value or that could conflict with a proper valuation of the property.

We confirm that CIVAS (NSW) Pty Ltd previously undertook a valuation of the subject property as at 19 November 2020 (Valuers Reference: C7929) relating to the acquisition of the property by the current registered proprietor. We confirm CIVAS (NSW) has not had any other engagement relating to the subject property.

1.2 Date of Valuation

15 November 2021 based upon our inspection of 21 September 2021.

Given potential changes to the market and the property, this valuation represents our opinion as at the date of valuation only. We do not accept any liability for losses arising from such subsequent changes in value.

For the purpose of this valuation, we have assumed that the property and the market have remained unchanged between our inspection date and the date of valuation.

1.3 Sources of Information

Our valuation conclusions have been reached after reviewing the information provided by Mr Adam Knight, Office Asset Manager of Primewest. The information reviewed and supplied includes, although is not limited to, the following:

- Lease agreement;
- Consent to Deemed Assignment and Change of Control and Variation of Lease;
- Tenancy schedule;
- Outgoings budget for FY22;
- Notice of consent for DA-779/2019 dated 23 March 2020; and
- Building plans prepared by Insite Architects dated October 2019.

1.4 Basis of Valuation

We have assessed the valuation on the basis of Freehold Interest subject to an Existing Lease.

This valuation is determined on the basis that the property, the title thereto and its use is not affected by any matter other than that mentioned in this report.

Definitions

This valuation has been completed in accordance with the following definition of Market Value and Market Rent as defined by the International Valuation Standards Council (IVSC) and endorsed by the API:

Market Value

"Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion."

Market Rent

"Market Rent is the estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

We further note that this valuation has been undertaken for financial reporting purposes and has been completed in accordance with International Financial Reporting Standards 13 (as defined in the International Valuation Standards 2017 – Fair Value), Australian Accounting Standards Board AASB 13 – Fair Value Measurement and AASB 140 – Investment Property.

The respective Fair Value definition is as follows:

Fair Value	<i>“the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”.</i>
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Underlying the definition of Fair Value is a presumption that the entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Similarly, to determine the Fair Value of an asset, it is assumed that the asset is exchanged after an adequate period of marketing to obtain its most advantageous price. Opportunities that are not available to the entity are not taken into account.

In accordance with AASB 13, we note the following additional reporting requirements:

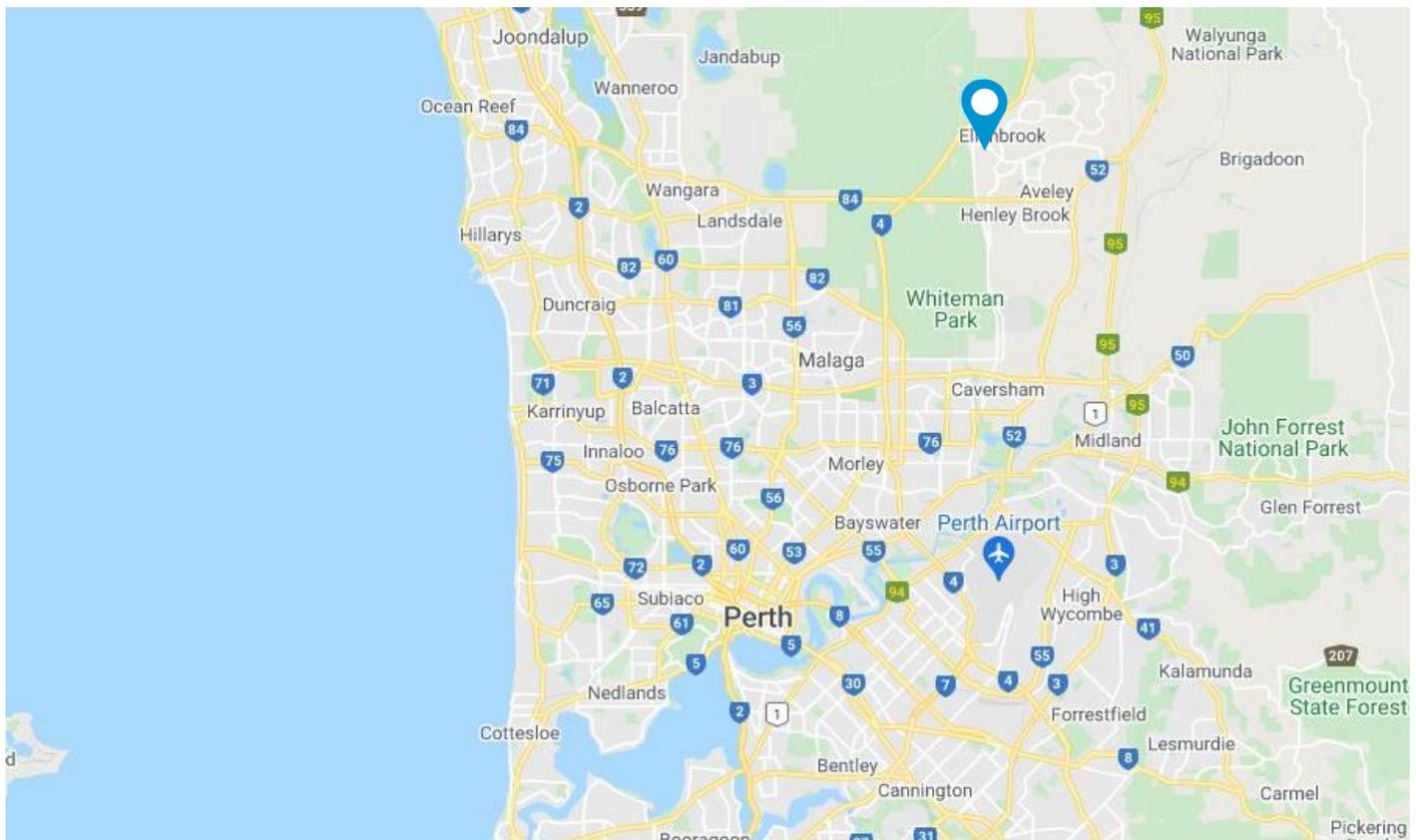
AASB 13 Valuation Technique	<p>For the purpose of our assessment we confirm that we have applied the following valuation techniques in order to determine the Fair Value of the subject:</p> <p>Income Approach – The Income Capitalisation Approach has been undertaken by applying a yield to the assessed net income to derive the property’s current fair value. Adjustments have been made for any appropriate capital allowances.</p> <p>Direct Comparison Approach – The Direct Comparison Approach benchmarks the subject against child care centres of a similar size and nature, which are analysed on a rate per licensed place</p>
AASB 13 Fair Value Hierarchy	<p>We have completed our assessment of the Fair Value of the asset with consideration for the data input ratings nominated in the Standards and referred to as Levels 1, 2 and 3. Our understanding of the inputs is as follows:</p> <p>Level 1 Inputs are quoted prices (unadjusted) for identical assets in active markets. These inputs provide the most reliable evidence of fair value and are given the highest priority.</p> <p>Level 2 Inputs include those other than quoted prices within Level 1 that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable (such as interest rates) and market corroborated inputs. If a significant adjustment is required to a Level 2 Input, it should then be classified as Level 3.</p> <p>Level 3 Inputs are unobservable and are only applied when observable inputs are not available. They are developed using the best information available about the assumptions that market participants would use when pricing an asset or liability, including assumptions about risk.</p> <p>We confirm that we have utilised Level 2 Inputs within our assessment of Fair Value, including but not limited to, the following:</p> <p>Level 2</p> <ul style="list-style-type: none">• Our analysis of recent sales of child care centres are of similar size and operation within comparable localities that are analysed to provide the Fair Value of the subject property.
Fair Value Measurement	<p>For disclosure purposes, we confirm that the overall Fair Value measurement of the asset has been classified as Level 2.</p>
Highest & Best Use	<p>The Fair Value of an asset is determined by reference to its highest and best use. That is, the use of the asset that is physically possible, legally permissible and financially feasible.</p> <p>We believe that the current use of the subject property is reflective of its highest and best use.</p>

2 Location

The locational attributes of the subject property are summarised as follows:

Region Classification	Metropolitan.
Suburb	Ellenbrook
Position	Positioned on the north-western corner of the intersection between The Promenade and Westbrook Parade.
Surrounding Development	Notably, the property is situated within a developing mixed-use precinct within close proximity to Bunnings, a recently completed HomeCo development and other retail uses. Additional nearby development of note also includes Arbor Grove Primary School, Holy Cross College, Ellen Stirling Primary School and Ellenbrook Secondary College.
Public Transport	Local bus services operate along The Promenade, albeit the closest stop is positioned some 440 metres south east of the subject. The proposed Ellenbrook Station, which forms part of the Metro Net project, will be located approximately 1 kilometre south east of the subject, with construction having commenced in mid-2021.
Positive Attributes	<ul style="list-style-type: none"> • Metropolitan location with Ellenbrook being a growth centre; and • Above average demographic profile.
Negative Attributes	<ul style="list-style-type: none"> • Moderate level of competition within the catchment.
Distance from CBD	The subject property is located approximately 23 kilometres north east of the Perth CBD.

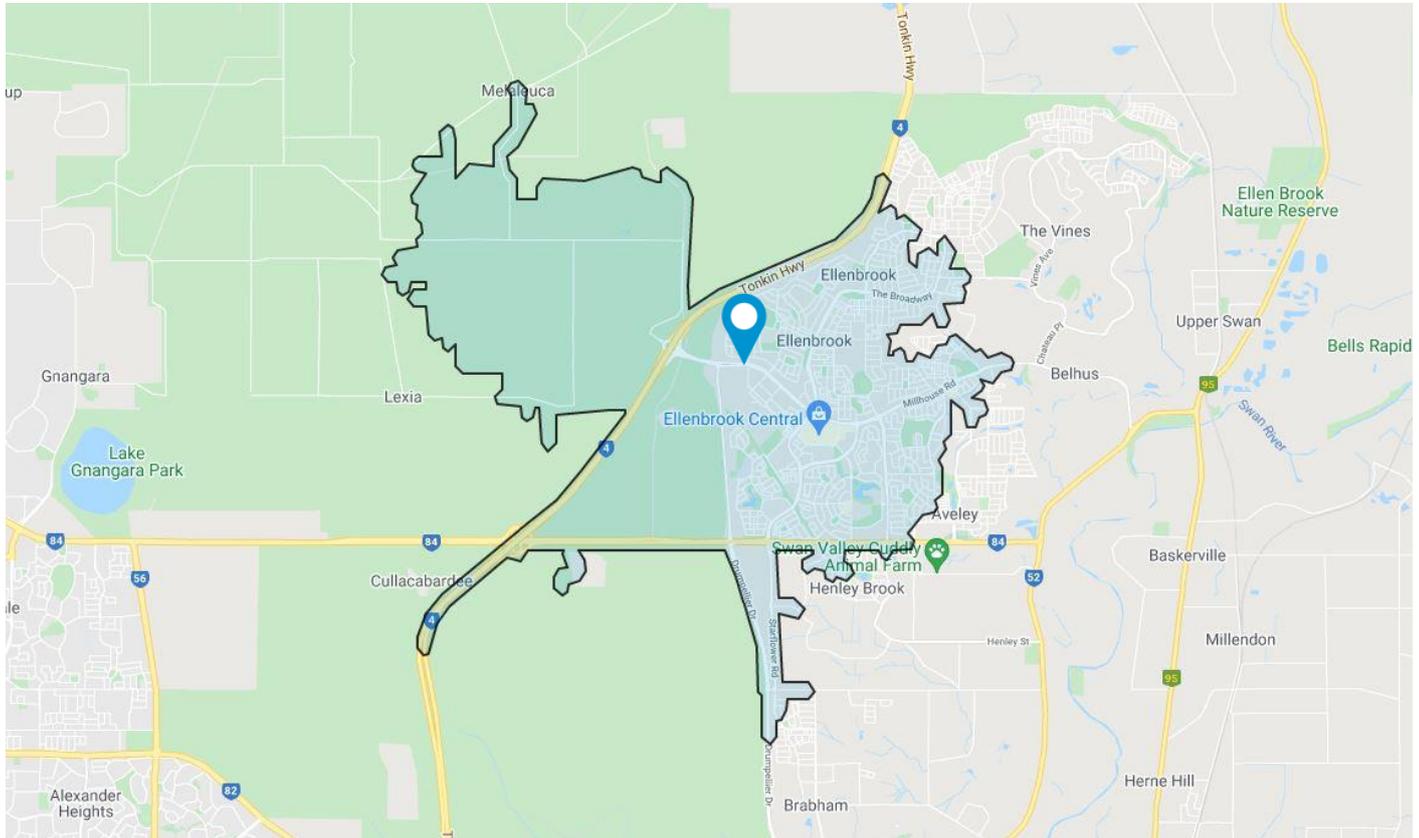
A location map is provided below:



Source: GapMaps dated 27 September 2021

2.1 Demographic Analysis

Our catchment area for demographic analysis comprises a 5 minute drive time radius of the subject centre. The analysis details key statistics of the catchment area compared to the state of WA and is provided as follows:



Source: GapMaps dated 30 September 2021

Category	Catchment Area		WA
0 – 4 years age group	2,318	9.50%	6.54%
Estimated residential population (2020)	27,265	-	2,663,561
Average annual population growth rate 2016-2020	2.03%	-	1.05%
SEIFA score	5	-	6
Average annual income per capita	\$37,563	-	\$43,945
Average annual income per household	\$113,169	-	\$115,431
Unemployment rate	8.46%	-	7.78%
Total households	7,682	-	866,977
Average household size	2.99	-	2.59
Couple families with children under 15	11,467	55.54%	44.18%
One parent families with children under 15	2,174	10.53%	7.64%

SEIFA Score: A Socio-Economic index tool utilised by the ABS that ranks areas in Australia from advantaged to disadvantaged relative to socio economic factors. The indexes are based on information from the five-yearly Census. (1 Disadvantaged – 10 Advantaged).

Source: Australian Bureau of Statistics & GapMaps

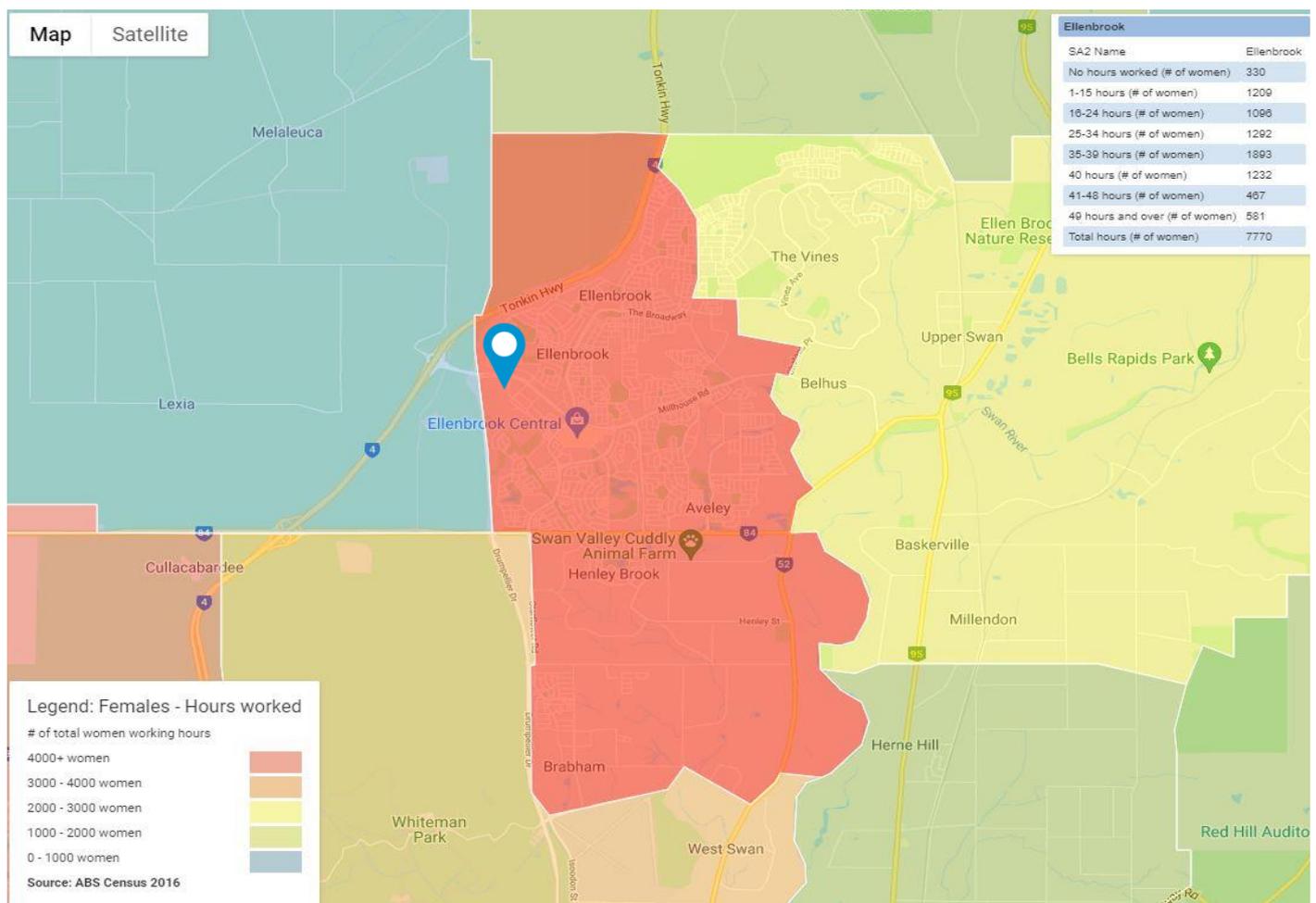
In summary, the demographic analysis of the catchment area shows the following major characteristics:

- Higher representation of 0-4 years age group compared to WA;
- Higher average population growth rate than WA;
- Lower SEIFA score than WA;
- Higher unemployment rate than WA
- Lower average annual income per capita and per household than WA;
- Higher proportion of couple families with children under 15 compared to WA; and
- Higher percentage of one parent families with children under 15 than WA.

The above results are considered to be above average for the subject property and its use.

2.2 Hours Worked By Females

The female work participation rate is key driver of the child care sector. Accordingly, the below aerial depicts the location of the subject centre within Ellenbrook SA2 statistical area. The overlay outlines the number of hours worked by females of a total of 7,770 hours which is considered excellent in respect to its influence on the child care market.

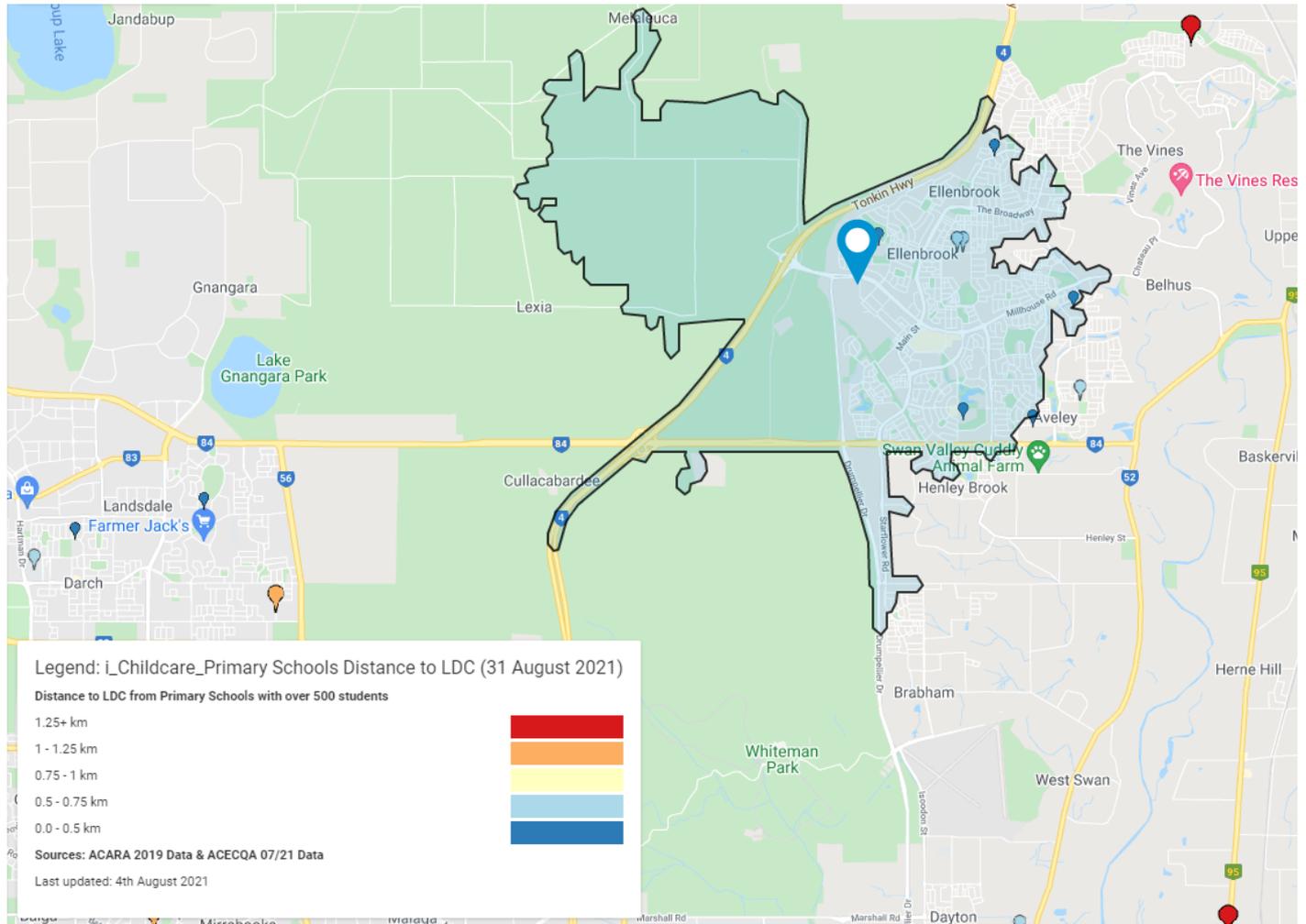


Source: GapMaps dated 30 September 2021

2.3 Distance from Primary Schools

A key driver of demand for child care services is proximity to primary schools as parents seek to ease the transition to the new form of education. In addition, many child care operators aim to create relationships with the existing primary schools in an effort to enhance their occupancy pipeline.

As such, we provide below the nearest Primary Schools that have over 500 students enrolled and are within the 10-minute drive time catchment area. This information has been sourced from various websites and our own internal investigations.



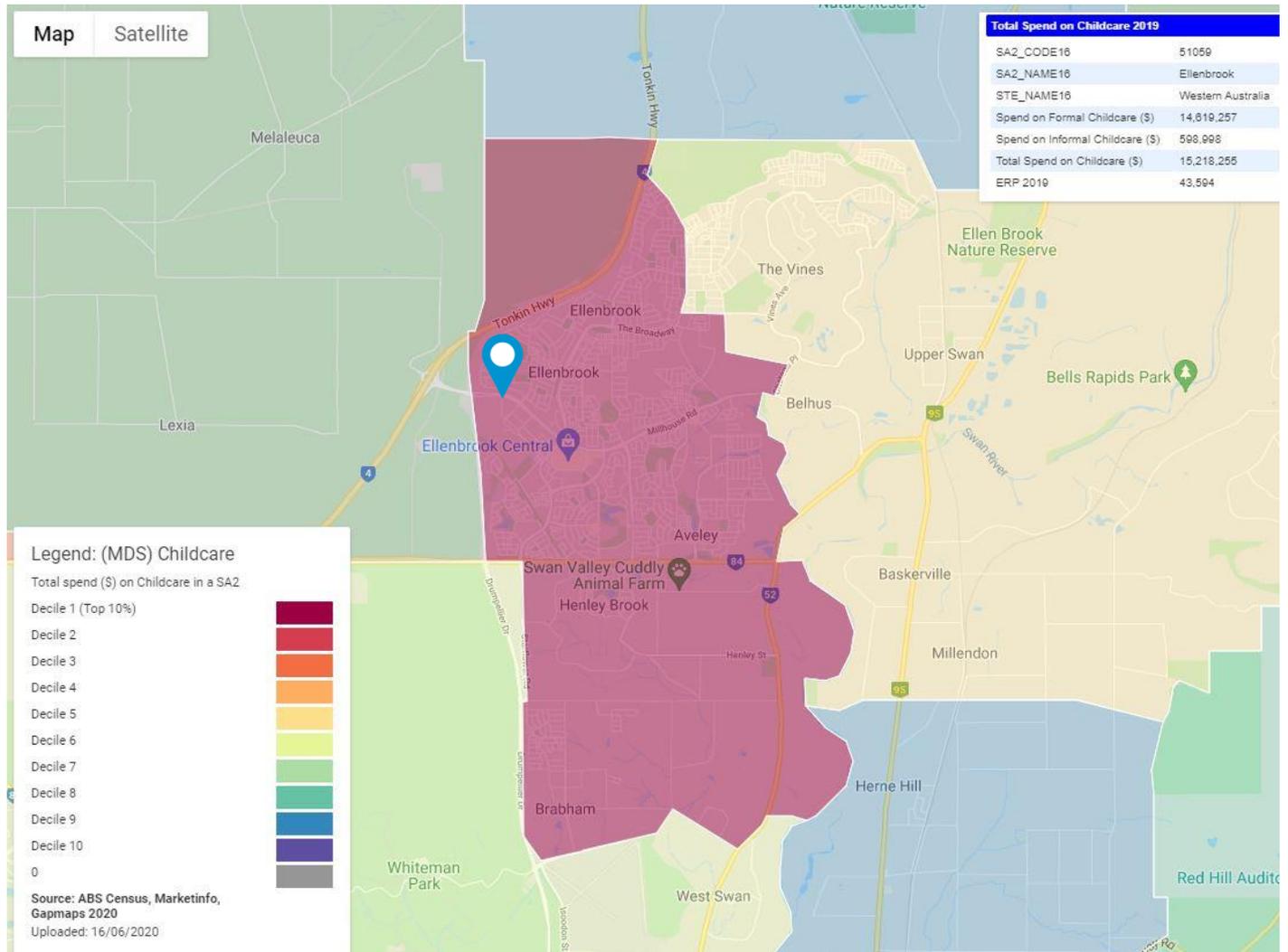
Source: GapMaps dated 30 September 2021

The primary schools with over 500 students that are within the catchment are as follows:

Address	Name	No. of Students	Distance from Subject
Brookmount Drive, Ellenbrook, WA	Arbor Grove Primary School	739	700m
Strathmore Parkway, Ellenbrook, WA	Ellen Stirling Primary School	742	2.1kms
34 Cardowan Drive, Ellenbrook, WA	Holy Cross College	1,034	2.1kms
65 Fortescue Place, Ellenbrook, WA	Ellenbrook Public School	716	3.6kms
77 Strinesdale Boulevard, Aveyley, WA	Aveyley North Primary School	508	3.7kms
96 Elmridge Parkway, Ellenbrook, WA	Malvern Springs Primary School	845	3.8kms

2.4 Market Spend on Child Care

The below aerial depicts the location of the subject centre within Ellenbrook SA2 statistical area. The overlay outlines the spend on Childcare in 2019.



Source: GapMaps dated 30 September 2021

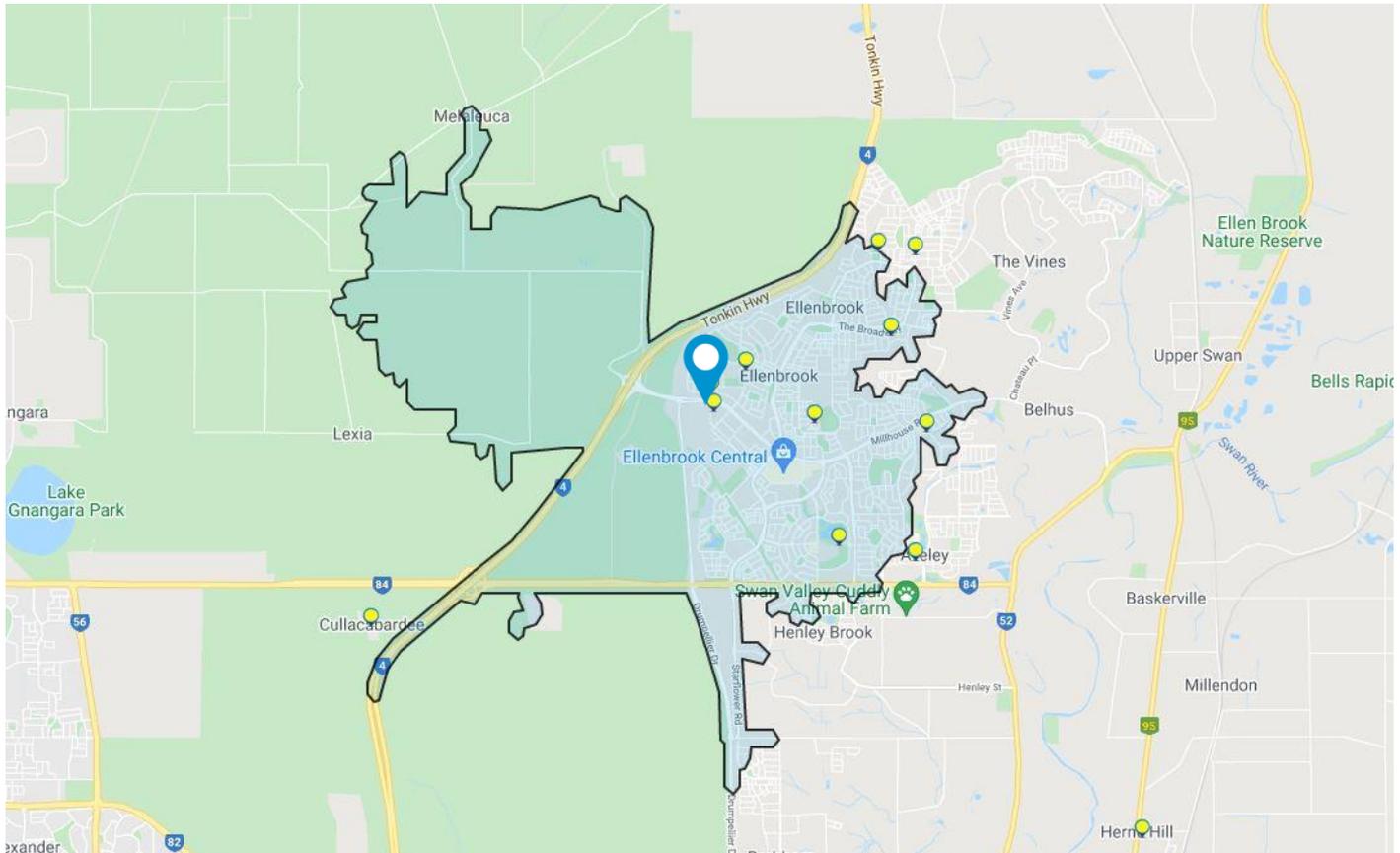
The spend on child care is categorised as follows:

Type of Child Care	\$ Amount
Formal	\$14,619,257
Informal	\$598,998
Total	\$15,218,255

Overall, the total spend of \$15,218,255 which is considered to fall in the highest decile which indicates a higher level of use for child care services.

2.5 Competitor Analysis

We provide below the nearest competing facilities within the 5-minute drive time catchment area. In total there are 7 competing long day care (LDC) centres within the catchment area. This information has been sourced from various websites and our own internal investigations.



Source: GapMaps dated 30 September 2021

In summary, the total number of approved places (including the subject property) within the catchment area is 738 to supply an estimated market of 2,318 children (0 – 4 age group demographic). Our analysis shows the following key results based upon the national participation rate of 30% for children in the 0-5 age group:

Daily Demand for Places	Average occupancy rate across the catchment	Ratio per place	Overall level of competition
695	94%	3.14	Low level

Daily demand for places = (Total 0–4 age group demographic x national participation rate)

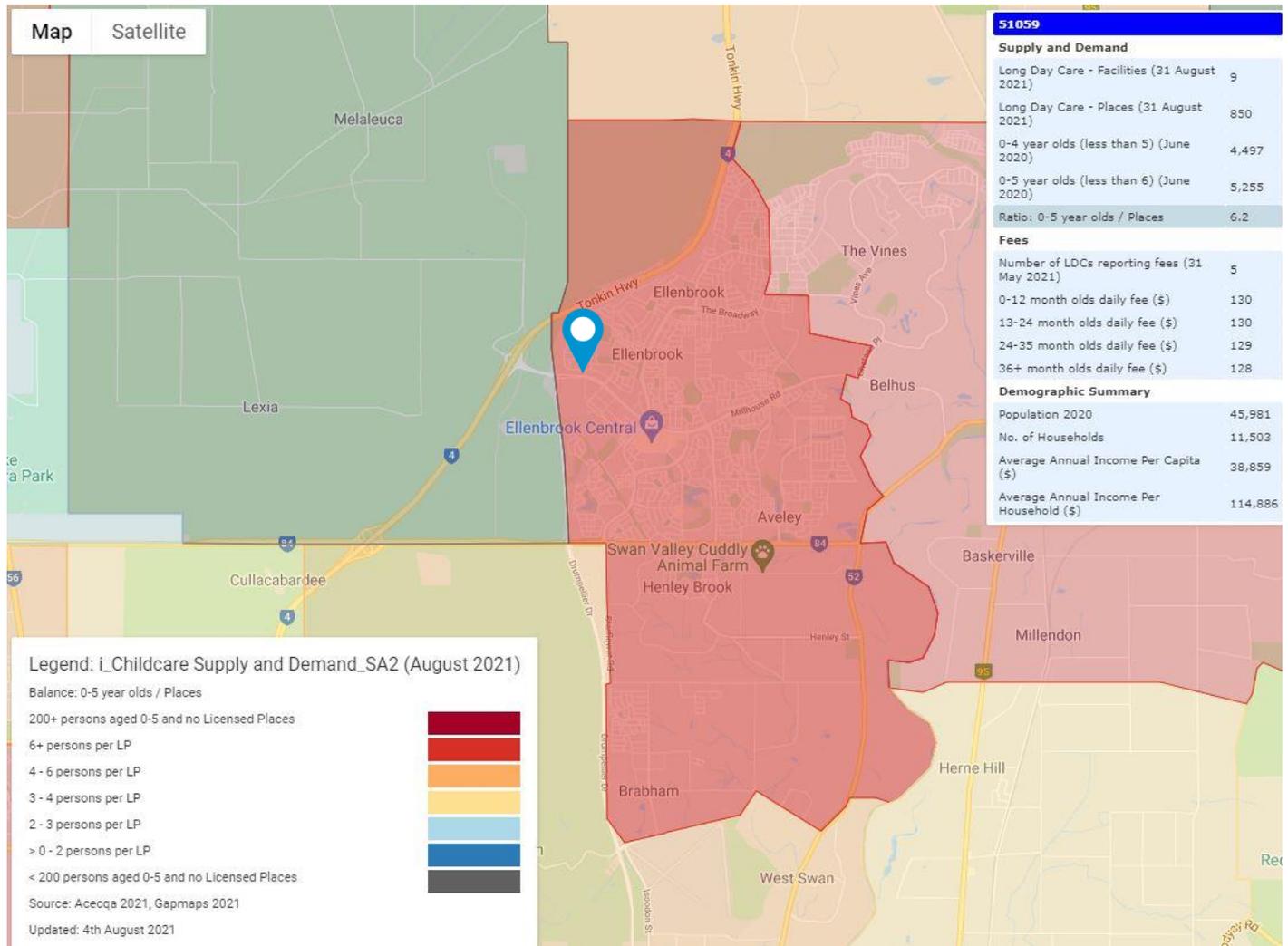
Average occupancy rate across the catchment = (Daily demand for places / total approved places)

Ratio per place = (Total 0–4 age group demographic / total approved places)

Furthermore, our investigations revealed there are no new proposed child care centres within our primary catchment area listed on Council’s records.

2.6 Average Daily Child Care Fees

The below aerial depicts the location of the subject centre within Ellenbrook SA2 statistical area. The overlay outlines the average daily child care fees per day per age group.



Source: GapMaps dated 30 September 2021

The average daily child care fees for the SA2 statistical area and the subject property are summarised below:

Age Group	Average SA2 Daily Fee	Subject Daily Fee
0-2	\$130	\$127
2-3	\$129	\$127
3-5	\$128	\$127

Overall, the daily fees for the subject property are slightly below the SA2 averages.

3 Title Particulars

3.1 Title Reference

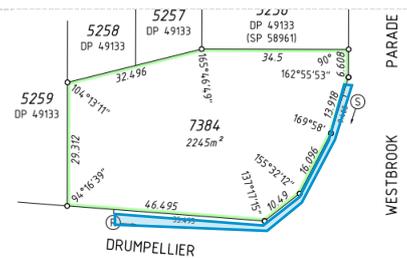
The legal title for the subject property can be described as follows:

Search Date	5 October 2021	
Local Government Area	City of Swan	
Legal Description	Folio Identifier	Registered Proprietor
7384 on Deposited Plan 415993	2968 / 189	Perpetual Corporate Trust Limited

3.2 Encumbrances

The Current Title Search indicates the property is subject to the following notifications:

Notation & Dealing Number	Description
1. Covenant Burden Created Under Section 150 P&D Act to City of Swan - See Deposited Plan 415993	No road vehicle access to and from the adjacent roads between the areas marked R-S. Refer blue highlighted section within the illustration to the right.
2. *O648465	Lease to Think Ellenbrook 6069 Pty Ltd which is summarised later within this report.
3. *O648467	Mortgage to Commonwealth Bank of Australia



We have assumed that there are no other encumbrances or notations except those shown on Title or noted in this valuation report.

We have reviewed the various notations on Title and do not consider that they have any adverse effect on the value of the subject property. Expert legal advice would be required to confirm our opinion.

A full copy of the Current Title Search is attached to the rear of this report.

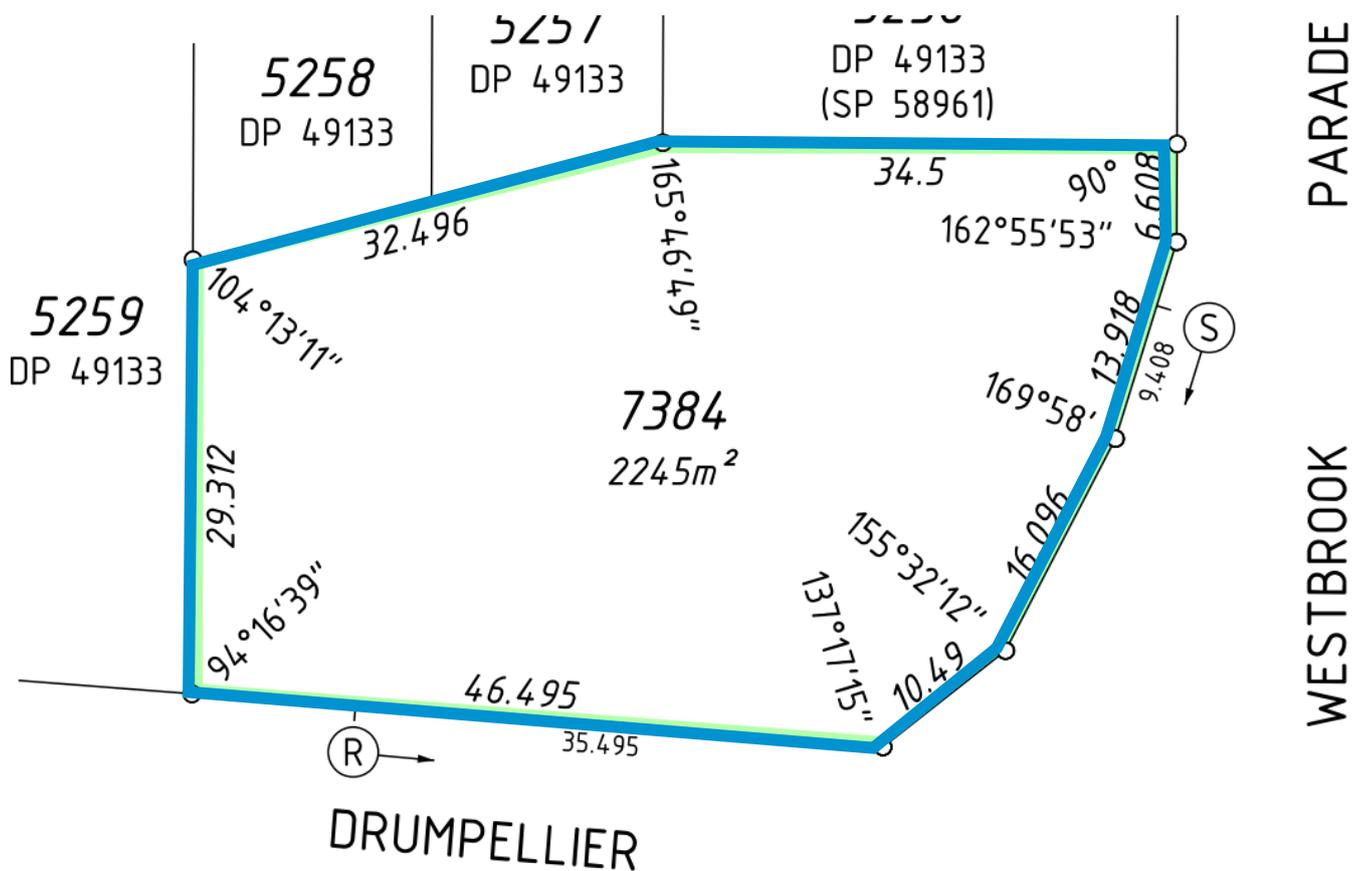


4 Site Particulars

4.1 Site Identification

The site has been identified by reference to the Deposited Plan. We were shown the boundaries for the property during our inspection and whilst there does not appear to be any encroachments, we are not qualified surveyors and no warranty can be given.

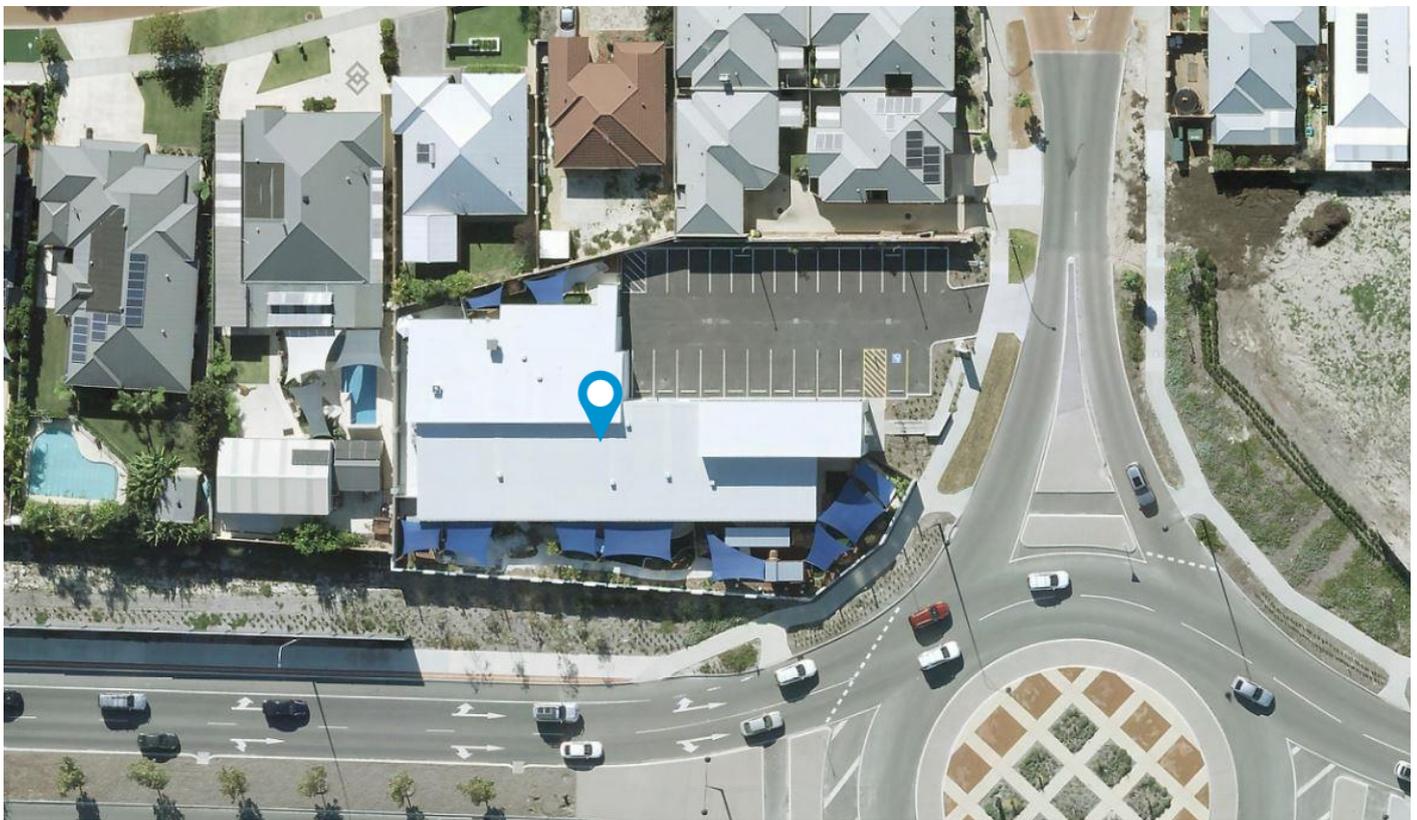
We have reproduced an extract of the Deposited Plan below (with the subject highlighted in blue).



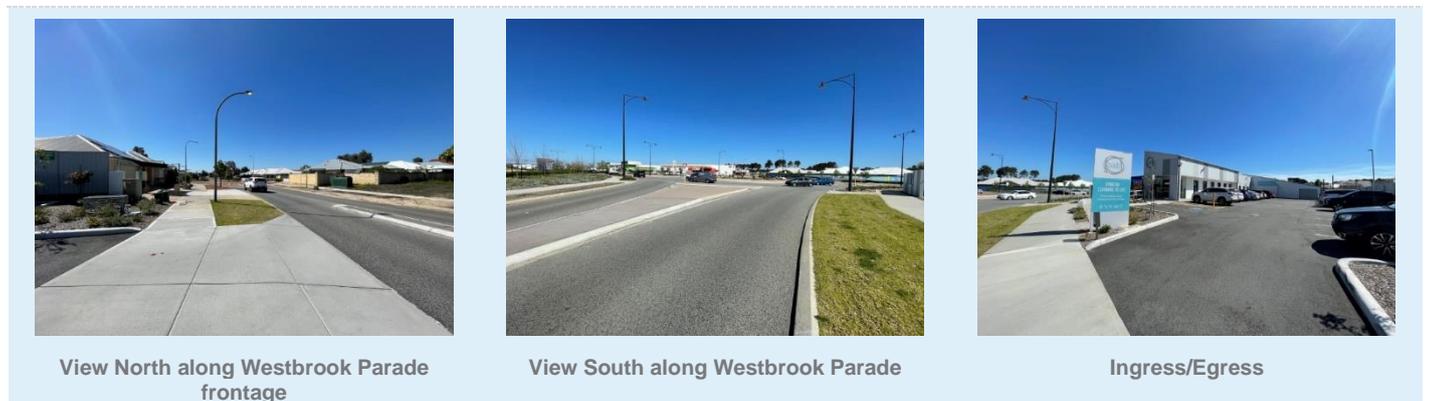
4.2 Site Features

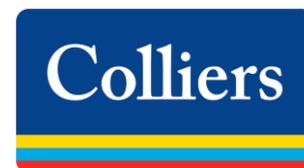
Identifying site features and characteristics are noted as follows:

Site Area	2,244m ²
Topography & Drainage	Irregular shaped corner allotment that is generally level throughout.
Vegetation	The subject grounds provide minimal vegetation.
Access	Vehicular ingress and egress are provided from a single crossover via Westbrook Parade.
Exposure	The property obtains good exposure to both its road frontage.
Parking	On-site parking will be provided for 26 vehicles. Kerbside parking is not available.
Utilities	Assumed connected to major utility services including electricity, water, telephone, sewer and drainage.



Source: GapMaps dated 30 September 2021





5 Planning Controls

5.1 Current Planning Controls & Environmental Issues

An overview of the main planning related controls over the subject property are outlined as follows:

Region Scheme	Metropolitan Region Scheme
Region Scheme Zoning	Urban – Improvement Plan No. 27 – Ellenbrook
Local Government Area	City of Swan
Planning Scheme	Local Planning Scheme No. 17
Zoning	Special Use
Current Use	Child Care Centre.
Is the Current Use Permissible?	Yes, with consent
Heritage Listing	Our search of the Council website did not reveal any heritage affectations.
Native Title	Our research indicates that the property is not subject to any specific native title claim.
Site Contamination	We have completed a search of the Western Australian Department of Environment Regulation Contaminated Sites Database Register which failed to indicate a listing of the subject site or any site in the immediate vicinity of the subject. We would not anticipate that the current use would provide a major environmental risk, however we are unaware of the complete history of the site.
Flooding	Our inquiries with the Department of Water and Environmental Regulation indicate the property is not subject to flooding. We note however, that we are unable to confirm this without the benefit of a formal flood search. A formal flood search has not been undertaken and should this be an issue, then this valuation will require amendment and should be referred back to the Valuer. This has been considered in our assessment.
Bushfire	Online mapping from the Department of Fire and Emergency Services website indicates that the subject is within a bushfire rated area.
Landslip	Our inquiries with the City of Swan Council were unable to confirm if landslip is an issue with the subject property without formal written application. For the purposes of this valuation, we have assumed that the subject property is not within a landslip designated area.
Other	We are not aware of any other environmental issues affecting the described land.

Our valuation is based on town planning information sourced from online databases including local and state government websites. Verification of the planning aspects can be confirmed by application to the Council.

We have assumed that the property is not impacted by any environmental issues. We have also assumed the use of the property complies with all relevant environmental law.

5.2 Development Applications

The details of the most recent development applications on Council’s website for the subject property are noted below.

Development Application	Description	Approval Date
DA-779/2019	Child Care Centre	3-Mar-20



6 Statutory Assessment

The statutory land valuation is utilised for the levying of Council Rates and Land Tax. We have not been provided with a copy of the land tax notice. However, we have been provided with a budget of operating expenses for FY22 period which indicates the council rate and land tax liabilities are as follows:

Council Rates	\$43,781
Land Tax Liability	\$9,833

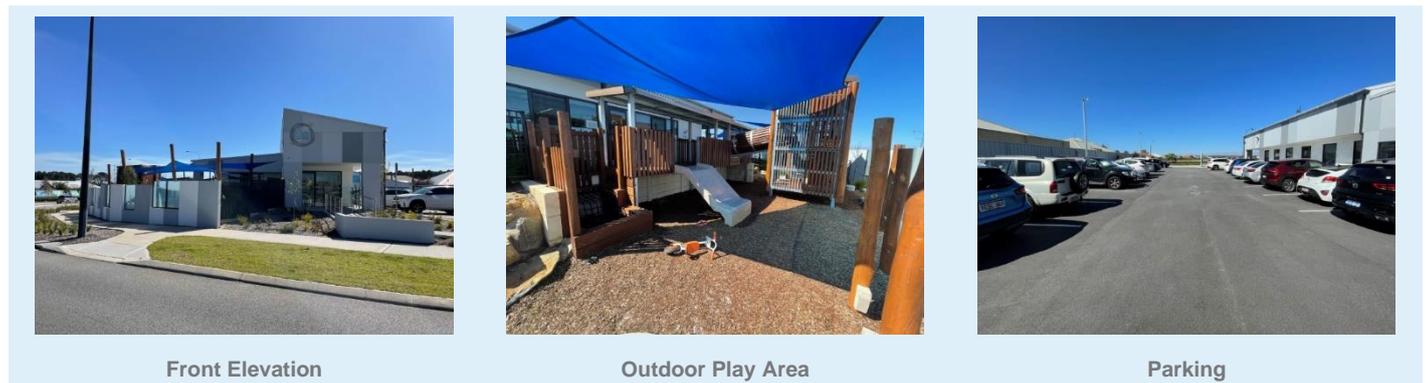
It should be noted that the statutory land value assessments are for rating and taxation purposes only, and accordingly are not necessarily representative of the current open market value of the underlying land.

For the purpose of this valuation, we have relied upon the information provided.

7 Improvements

7.1 General Description

The subject property comprises a purpose-built, circa 2021, single level child care centre with on-site parking for approximately 26 vehicles. The Long Day Care (LDC) centre is currently approved for 87 children per day catering for 0-5 age groups and trades as 'Nido Early School Ellenbrook'.



7.2 Lettable Areas

The premises of a centre based education and care service must have at least 3.25 square metres of unencumbered indoor play space per child that is exclusively for the use of children. For the purposes of calculating unencumbered indoor play space, items such as any passage way or thoroughfare, door swing areas, kitchen, cot rooms, toilet or shower areas located in the building or any other centre such as cupboards and areas set aside as referred to above are to be excluded.

In addition to unencumbered indoor play space, the centre must have at least 7 square metres of useable outdoor play space per child that is exclusively for the use of children.

We have been provided with the approved building plans which detail the approximate building areas are as follows:

Component	Area
Total unencumbered Indoor Area for child care	301m ² (3.46m ² per child)
Total unencumbered Outdoor Area for child care	636m ² (7.31 m ² per child)

For the purpose of this valuation we have relied upon the lettable areas above. Should a building survey prove these areas to be incorrect, we reserve the right to review this valuation. Notwithstanding, the subject is compliant with the area regulations.

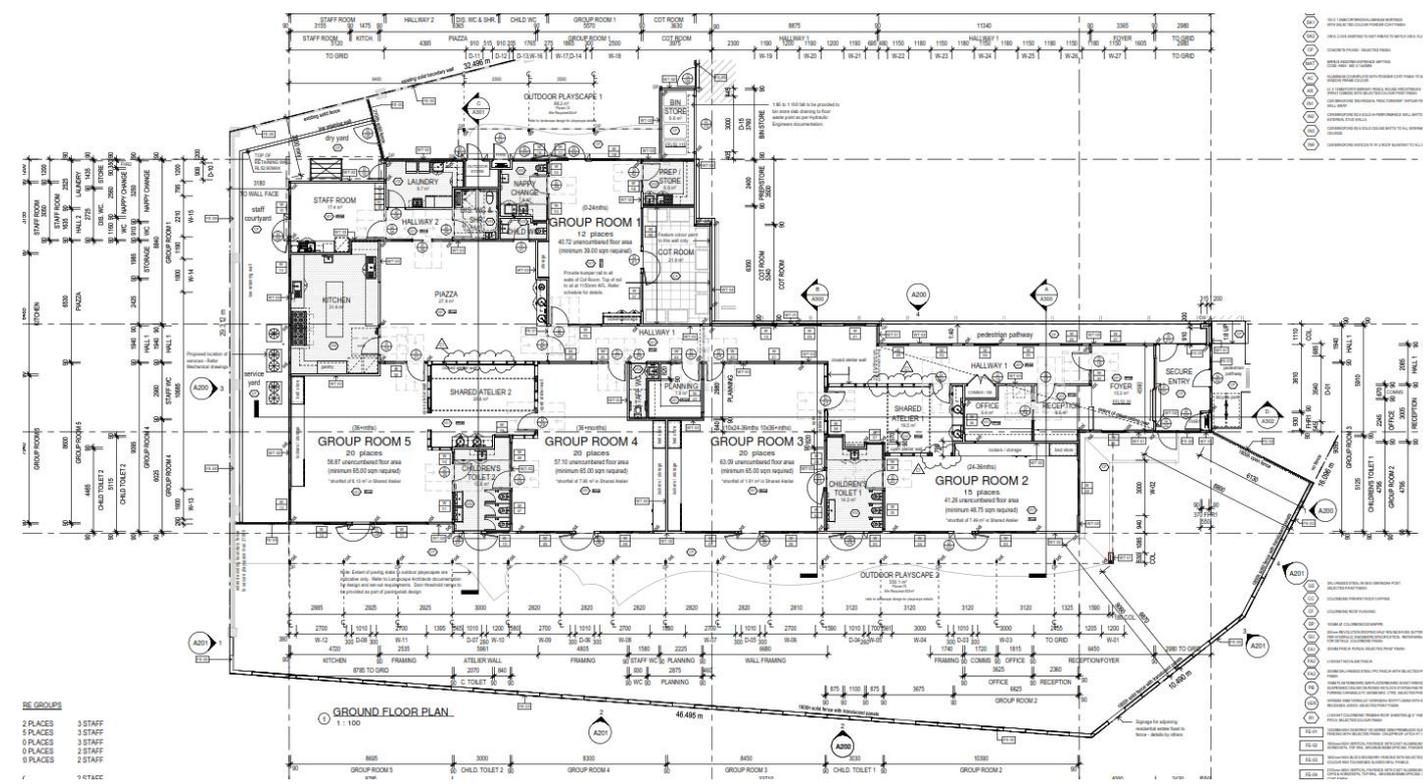
7.3 Construction and Building Services

A summary of the building construction and base building services is as follows:

Floors	Concrete
External Walls	A mixture of brick and concrete.
Roof	Metal.
Internal Ceilings	Plasterboard.
Internal Walls	Rendered brick and plasterboard.
Lighting	LED downlights.
Air Conditioning	Ducted air-conditioning is provided throughout.
Security	Security intercom.
Fire Services	Extinguishers/Firefighting equipment noted throughout.

7.4 Floor Plan

We draw your attention to the following floor plan depicting the layout of the subject:



7.5 Accommodation and Configuration

The general accommodation and configuration for the subject property is outlined as follows:

Indoor Areas

Internal configuration is set over one level and comprises five playrooms with associated children's amenities, wet areas, cot room and storage rooms. Ancillary areas consist of a kitchen, laundry, administration reception area with sign in and sign out station, director's office, staff room, staff and visitor toilets, and storage rooms. The flooring finishes are a mixture of vinyl and tile. We refer your attention to the following photographic evidence depicting the accommodation and finish:



Outdoor Play Areas

Outdoor areas are provided on the northern and southern elevations of the building. Access to the external play areas are provided via aluminium framed glass sliding doors. Flooring generally comprises of synthetic turf and softfall. The outdoor areas comprise general play equipment along with sandpits. Shade sails and verandah areas provide weather protection in specific areas. Child safety fencing and gates are provided throughout the centre. We refer your attention to the following photographic evidence depicting the accommodation and finish:



Other Improvements

The subject property has perimeter security fencing, car parking for approximately 26 vehicles, general landscaping, storage rooms, shade sails and centre signage. We refer your attention to the following photographic evidence depicting the accommodation and finish:





7.6 Building Materials, Condition and Functionality

Our investigations reveal the following:

Construction Date	Circa 2021		
Refurbishment Dates	N/A		
Building Materials	Hazardous Materials Present	Contamination Register	Non-Conforming Materials
	Unlikely	Reviewed (no listing)	None identified
Condition of Improvements	Excellent		
Building Notices / Orders	No enquiries made		
Functionality	The subject will comprise a purpose-built child care centre. The centre is of an average size and represents a typical layout which is considered functional..		

For the purpose of this valuation we have assumed that no significant capital expenditure is required for the subject property at the present time (other than as discussed elsewhere in this report). Notwithstanding, the subject would benefit from cosmetic upgrades in the short to mid-term.

We have assumed that the property complies with the appropriate statutory regulations and that there are no other defects applicable to the subject.

During our inspection we did not notice any obvious building defects, except for items of a cosmetic nature. We are unable to verify that any uninspected areas are free from defect and no warranty can be given regarding the condition of the building. We would therefore advise the reliant parties satisfy themselves on the physical condition of the property. In the event that any defects, building notices or compliance issues are identified, this valuation may require amendment.

8 Tenancy Details

8.1 Lease Summary

The following is a summary of the lease agreement.

Lessee	Think Ellenbrook 6069 Pty Ltd
Use	As an approved education, early learning and child care service for long day child care and outside school hours care.
Lease Commencement	18 February 2021
Term	20 years
Lease Expiry	17 February 2041
Further Term	10 + 10 years
Comm. & Passing Rental	\$339,300 per annum excluding GST (\$3,900 per place)
Review Structure	Annually to 3.00% with a market review at Year 11 and at option terms with a cap and collar of 10%.
Outgoings	100% of all outgoings.
Comments	<ul style="list-style-type: none"> • Clause 5.12.2 – The Lessee must at its own cost engage a professional cleaning company approved by the Lessor to clean the premises at least once each week; • Clause 5.17.1 – The Lessee must be an approved provider and must obtain and keep the service approval for the premises current and in full force and effect in the name of the lessee during the term; • Clause 6.1.1 – The Lessee must at all times during the lease term keep and maintain the premises in good and substantial repair and condition excluding fair wear and tear; • Clause 6.1.3.5 – The Lessee must redecorate the premises at least once every 5 years; and • Clause 18.5 – If the Lessor decides to sell the land it may notify the lessee of its decision, if the lessee does not provide an offer to purchase the land acceptable to the lessor within 14 business days then the lessor may sell to any party on whatever terms it chooses without further notice to the lessee.

8.2 Weighted Average Lease Expiry (WALE)

The average and weighted lease duration for the subject property is 19.26 years.

8.3 Tenancy Profile



The subject facility is trading as Nido Early School Ellenbrook. At the subject centre the hours of operation are advised to be 6:30am to 6:30pm, 50 weeks per annum. The subject service has not yet been assessed under the National Quality Standard Rating.

Nido Early Schools was established in 2014 and today operates 66 child care centres throughout WA, VIC, QLD, SA, ACT and NSW with a further 13 currently in the pipeline. Nido is a subsidiary of Think Childcare Limited which was established in 2001 and initially comprised 3 centres located in Melbourne. Today, Think Childcare owns and manages over 78 centres across Australia. Notably, in 2021, Busy Bees Australia announced its potential acquisition of Think Childcare Limited for \$3.20 per stapled security which is not yet finalised.

Overall, Think Childcare are regarded as a reputable tenant with a good level of experience within the industry.

Service Approval

A Service Approval is granted under Section 48, Education and Care Service National Law Act 2010 at the subject premises. Details are as follows:

Service Approval No.	SE-40020169
Date of Approval	16 February 2021
Maximum number of Children	87
Prescribed Conditions	The approval is granted subject to the conditions set out in Section 51 of the Education and Care Services National Law and any conditions prescribed in the Education and Care Services National Regulations.

9 Income Analysis

9.1 Passing Income

Component Income	Passing Income		
	\$ p.a.	\$/place	% of Total
Current Passing Rent	\$339,300	\$3,900	80.80%
Outgoings Recoveries	\$80,624	\$927	19.20%
Total Gross Passing Income	\$419,924	\$4,827	
Adopted Outgoings (\$926.71 /place)	(\$80,624)	(\$927)	
Net Passing Income	\$339,300	\$3,900	

* Minor discrepancies may occur due to rounding

9.2 Market Rental Evidence and Assessment of Market Rents

An assessment for the current market rent should have regard to the affordability of the underlying business to pay the rent. We advise that official trading data is not available for the purposes of this assessment, however, this is not uncommon for leased assets. Accordingly, to provide our opinion of an appropriate market rent for the child care centre we have examined comparable rental evidence from which we have derived rental rates, and applied this analysis to the direct comparison approach, analysed on a rate per place basis. Overall, we note a lack of recent leasing transactions for child care premises within the area.

Address	Tenant	Comm. Date	Term & Options	No. Places	Base Rental (Net)	\$/Place
33 Amelia Street, Balcatta	Nido Early Learning	May-21	15+10+10+10	72	\$216,000	\$3,000
98 O'Mara Boulevard, Iluka	Nido Early Learning	Oct-20	20+10+10	87	\$340,170	\$3,910
72 Railway Parade, Bassendean	Nido Early Learning	Nov-20	20+10+10	92	\$312,800	\$3,400
Tenancy 2, 4 Banks Ave, Hillarys	Nido Early Learning	Jan-20	20+10+10	82	\$349,520	\$4,262
35 Weston Street, Carlisle	Nido Early Learning	Aug-18	20+10+10	82	\$310,000	\$3,780

The available rental evidence outlined above ranges between \$3,000 to \$4,262 per place per annum net. The variance reflects differences such as building size and condition, number of approved places, tenancy configuration (i.e. proportion of internal and external areas), accessibility and location.

As aforementioned, we have not been provided with any trading performance data which increases the subjectivity of our assessment. Should such data be made available at a later date, we recommend such be forwarded for comment, and re-assessment. In assessing the market rent for the subject property, we have had specific regard to the characteristics of the subject premises, in particular the property is purpose-built for the use as a child care centre, with a good provision of outdoor areas and on-site parking. We have also had regard to the overall size / configuration and recent age of construction.

Having regard to the comments above, we consider the passing rental rate of \$3,900 per place per annum net (equivalent to \$339,300 per annum net) to be within market parameters albeit towards the upper end.

As a secondary check method, we have attempted to consider the affordability of the rent having regard to an estimated gross income based on certain assumptions for the underlying business. In this regard we have been advised by the centre director of the current daily rates as at the date of inspection and we have assumed an occupancy of 90% as maintainable within the catchment area.

Our calculations are as follows:

Age Group	Number	Rate (\$)	Weeks	Occupancy	Revenue (\$)
0-5	87	\$127	50	90%	\$2,486,025
			Rental Factor	Affordable Rent	Rate Per Place
			10%	\$248,603	\$2,858
			13%	\$323,183	\$3,715
			16%	\$397,764	\$4,572

Whilst the above approach is highly subjective, our high-level analysis showcases the current passing rent reflects approximately 13.65% of estimated revenue which indicates a level of support for the affordability of the rent.

9.3 Outgoings Summary

We have been provided with a budget for FY22 with details some statutory and operating expenses. The remaining operating expenses have therefore been adopted from our knowledge of similar assets and building outgoings generally and include the following:

Outgoings Item	Adopted Amount	
	\$ p.a.	\$/place
Statutory Charges		
Council Rates	\$43,781	\$503
Water Rates	\$3,510	\$40
Land Tax	\$9,833	\$113
Total Statutory Charges	\$57,124	\$657
Operating Expenses		
Insurance	\$7,500	\$86
Repairs & Maintenance	\$10,000	\$126
Miscellaneous	\$5,000	\$57
Total Operating Expenses	\$23,500	\$270
Total Outgoings	\$80,624	\$927

* Minor discrepancies may occur due to rounding

9.4 Income Summary

The income is summarised as follows:

Component Income	Passing Income			Market Income			Variance	
	\$ pa	\$/place	% of total	\$ pa	\$/place	% of total	\$ pa	%
Current Passing Rent	\$339,300	\$3,900	80.80%	\$339,300	\$3,900	80.80%	-	0.00%
Outgoings Recoveries	\$80,624	\$927	19.20%	\$80,624	\$927	19.20%	-	0.00%
Total Gross Passing Income	\$419,924	\$4,827	100.00%	\$419,924	\$4,827	100.00%	-	0.00%
Less Adopted Outgoings	(\$80,624)	(\$927)		(\$80,624)	(\$927)		-	0.00%
Potential Fully Leased Net Income	\$339,300	\$3,900		\$339,300	\$3,900		-	0.00%

* Minor discrepancies may occur due to rounding

10 Child Care Market Commentary

Child care in Australia is known as early childhood education and care. Its main scope is designed around children of up to five years old, however common vernacular also includes the care and education of primary school-age children. There are four common services in Australia including long day-care, family day-care, out of school hours care (OOSH) and Preschool & Kindergarten Services. Some key points of child care within Australia and its current landscape are as follows:



During the December quarter 2020, there were approximately 1,266,830 children who attended approved child care services. This represents an approximate quarterly decrease of 5.5% (or 73,1000 children) from the December quarter 2019.



The number of children attending Family Day Care decreased by 4.5% from the December quarter 2019. This is largely due to compliance measures implemented by the Government to address fraudulent activity and impacts of COVID-19.



By state, during the December quarter 2020, New South Wales had the largest share of children attending approved child care (32.7% or 413,430 children).



During the December quarter 2020, average weekly hours of child care use per child (excluding In Home Care) was 26.1 hours. This was an increase of 5.2% compared to the December quarter 2019 (24.8 hours)



During the December quarter 2020, the average hourly child care fee for all service types (excluding In Home Care) was \$10.15, reflecting an increase of 2.3% since the December 2019 quarter. Across the care types, OOSH had the lowest average hourly fee (\$7.40 per hour) while Family Day Care had the highest (\$10.70 per hour).

The child care sector has become central to Government policies and funding. This ultimately has created a more transparent market, whereby child care centres and families are assessed/benchmarked equally. A clear shift has been evident in the past 20 years away from converting previously occupied dwellings to a prevalence of purpose-built child care centres, specifically designed to enhance early childhood learning with an overarching goal to achieve top tier “Exceeding/Excellent” Government ratings. An example of the evolution is displayed in the photographic evidence below.



External Façade – Converted Centre



Internal Accommodation – Older Centre



Outdoor Accommodation – Older Centre



External Façade – Purpose Built Centre

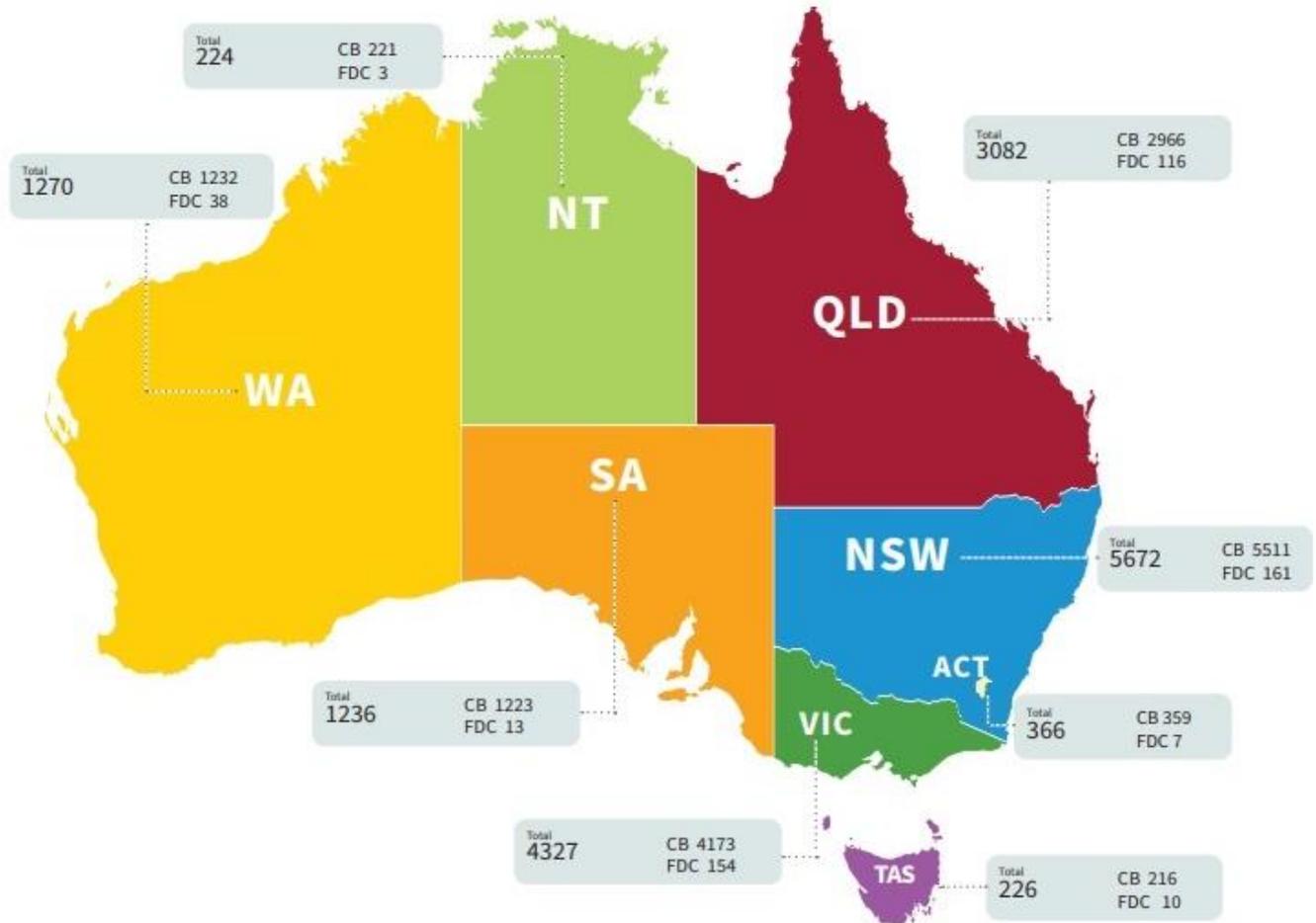


Internal Accommodation – Newer Centre



Outdoor Accommodation – Newer Centre

We refer your attention to the below extract which highlights the number of approved services by jurisdiction and service type.



Source: NQF Snapshot Q1 2021

CB: An education/care service other than a family day care service, including most long day-care, preschool and outside school hours care services.

FDC: A family day care is an education/care service delivered through a network of educators operating from residences and other approved venues.

Some key statistics and their recent trends are noted below:

-  Total centre-based services of 15,901 reflects an increase of 2% from Q1 2020.
-  Total family-based day care services of 502 reflects a decrease of 5% from Q1 2020; and
-  Total services in Australia of 16,403 reflects an increase of 2% from Q1 2020.

Types of Service Offerings

In the current landscape, there are four operational services, broadly falling in the following categories as defined by Australian Children's Education and Care Quality Authority (ACECQA).

- ① Long Day Care – Long day care is generally available all day or on a part-time basis for children aged birth to six who attend on a regular basis. Not defined in the National Law or Regulations.
- ② Family Day Care – Family Day Care is where a professional carer looks after your child in their home. It is sometimes known as home-based care. The hours of care are flexible, and carers may offer full-time, part-time or occasional care options.
- ③ Out of School Hours Care – Out of School Hours Care is available for school children for periods outside school hours.
- ④ Preschool & Kindergarten Services – Program deliver to children in the year that is 2 years before grade 1 of school. Excludes preschool/kindergarten operating in Tasmania and Western Australia that are out of the scope of the NQF.

As at December 2020, the Australian Government Department of Education, Skills and Employment no longer includes preschool & kindergarten services within their dataset. We are therefore unable to provide any further revenue breakdown for this category. The table overleaf highlights the total national subsidy, per service type excluding preschool & kindergarten services.

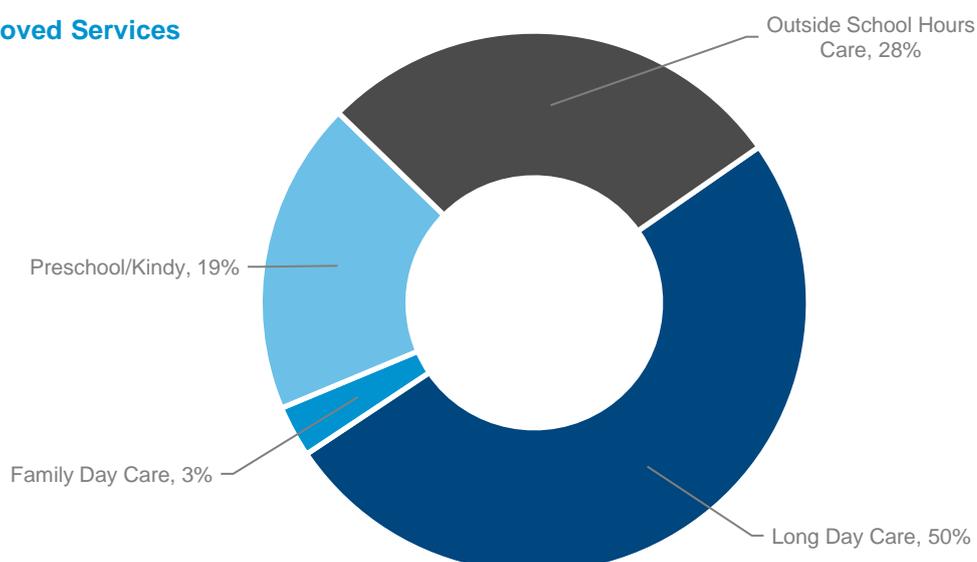
Service Type	Child Care Subsidy (CCS) ('000)	Additional Child Care Subsidy (ACCS) ('000)	Total Subsidy ('000)
Centre-Based Day Care	\$1,865,430	\$23,774	\$1,889,204
Family Day Care	\$174,589	\$1,025	\$175,614
In Home Care	\$6,903	\$1,826	\$8,729
OOSH Care	\$178,609	\$1,485	\$180,095
Total	\$2,225,531	\$28,111	\$2,253,642

Source: Australian Government | Department of Education, Skills and Employment – Child Care in Australia report December quarter 2020

The table above highlights a majority of the total national subsidy is allocated to Centre-Based Services.

The national market share of approved services is detailed in the graph below:

National Breakdown of Approved Services



Source: NQS Snapshot Q1 2021

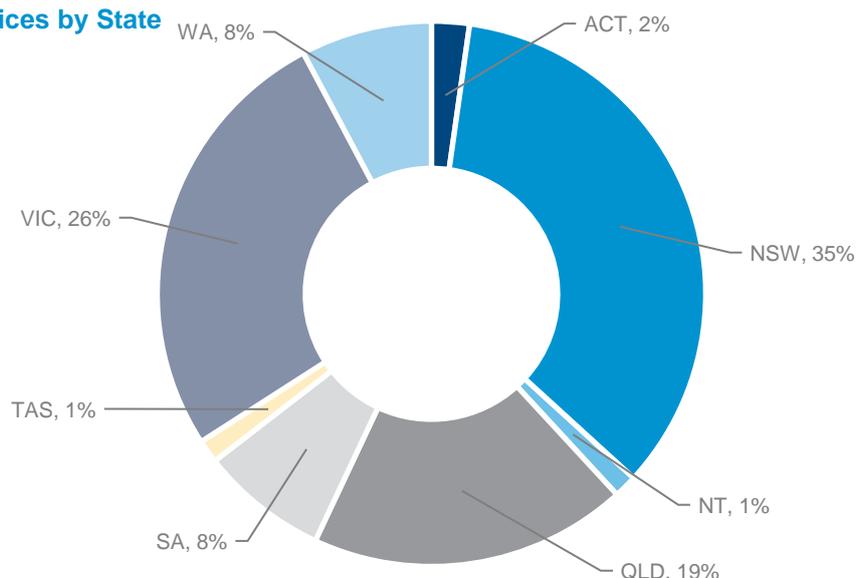
We can see that as at September 2020, Long Day Care accounts for approximately 50% of all services in Australia, followed by OOSH (28%), Preschool/Kindy (19%) and Family Day Care (3%).

A state breakdown of the total approved services is displayed in the table and graph below and overleaf:

State / Territory	Long Day Care	Outside School Hours Care	Preschool/Kindy	Family Day Care	Other	Total
NSW	3,306	1,446	759	161	-	5,672
VIC	1,719	1,266	1,188	154	-	4,327
QLD	1,698	762	505	116	1	3,082
SA	429	378	416	13	-	1,236
WA	738	472	21	38	1	1,270
ACT	169	101	89	7	-	366
TAS	129	87	0	10	-	226
NT	89	57	74	3	1	224
Total	8,227	4,569	3,052	502	3	16,403

Source: NQS Snapshot Q1 2021

Proportion of Total Approved Services by State



Source: NQS Snapshot Q1 2021

New South Wales has the largest ownership of approved services (35%), followed by Victoria (26%) and QLD (19%). The remainder of the states have lower weightings of ownership, WA (8%), SA (8%), ACT (2%), TAS (1%) and NT (1%).

We highlight the growth of child care attendance in Australia from December 19 to December 20 in the below table.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Total Children	1,339,970	1,318,900	N/A	1,178,370	1,266,880
<i>Decline (5% from Dec 19 to Dec 20)</i>		<i>-1.57%</i>	<i>N/A</i>	<i>N/A</i>	<i>7.57%</i>

From the table above, it can be seen that child care attendance in Australia has declined from Dec-19 to Dec-20 due to COVID-19 restrictions.

Demand Drivers & Disruptors

The child care sector is influenced by the following key underlying trends:



Government Assistance

The governments financial support of child care, together with a continued effort in boosting national productivity, are a driving catalyst for the industry, effectively underpinning the industry. The Child Care Subsidy (CCS) is the main way the Government assists with child care fees. As at 2 July 2018, Australia introduced a New Child Care Package. Under the new package, the Child Care Subsidy (CCS) replaced the existing Child Care Benefit and Child Care Rebate. CCS is the main way the Government assists families with their child care fees. As at 13 July 2020, the Child Care Subsidy rates have been adjusted. The CCS income thresholds are adjusted annually in accordance with Consumer Price Index. There are three factors that determine a family's level of CCS which are noted below.

Government Funding post 13 July 2020

Means Tested	<p>Combined annual family income is one of the three factors that determines the amount of Child Care Subsidy (CSS) a family is entitled to. We note the income thresholds:</p> <ul style="list-style-type: none"> • Under \$69,390 p.a. family income: <ul style="list-style-type: none"> • 85% rebate of actual fee or benchmark price • More than \$69,390 to below \$174,390 p.a. family income: <ul style="list-style-type: none"> • Decreasing to 50% rebate of actual fee or benchmark price * • More than \$174,390 to below \$253,680 p.a. family income: <ul style="list-style-type: none"> • 50% rebate of actual fee or benchmark price • More than \$253,680 to below \$343,680 p.a. family income: <ul style="list-style-type: none"> • Decreasing 20% rebate of actual fee or benchmark price * • More than \$343,680 to below \$353,680 p.a. family income: <ul style="list-style-type: none"> • 20% rebate of actual fee or benchmark price • Equal to or above \$353,680 p.a. family income: <ul style="list-style-type: none"> • No rebate <p>* Subsidy gradually decreases 1 per cent for each \$3,000 of family income.</p>
Activity Tested	<p>Fortnightly assessment of work/study activity determines the number of subsidised hours received as follows:</p> <ul style="list-style-type: none"> • 8 to 16 hrs – up to 36 hrs subsidy; • 16 to 48 hours – up to 72 hours; and • More than 48 hrs hours – up to 100 hrs subsidy. <p>The activity level of parents will be determined by the number of hours of subsidised care. Activity means paid work, study, training, seeking employment etc.</p>
Service Type	<p>The maximum hourly rate the Government will subsidise is based on the type of child care service.</p> <ul style="list-style-type: none"> • Centre Based Day Care - \$12.20 hourly cap (below school age) and \$10.67 hourly cap (school age children); • Outside School Hours Care - \$12.20 hourly cap (below school age) and \$16.67 hourly cap (school age children); • Family Day Care - \$11.30 hourly cap (below school age) and \$11.30 hourly cap (school age children); and • In Home Care - \$33.17 hourly cap per family (below school age) and \$33.17 hourly cap per family (school age children).

As detailed above, the new Child Care Subsidy will be paid directly to services to reduce the out-of-pocket cost for most families. Families earning less than \$69,390 will receive an 85% subsidy with the subsidy decreasing gradually for family incomes of less than \$353,380. This makes child care more affordable for Australian families. The total estimated expenditure (Child Care Subsidy and Additional Child Care Subsidy) for the March quarter 2020 was \$1.94 billion, down by 9.6% from the December 19 quarter (\$2.14 billion) and up by 6.3% over the year from the March 2019 quarter (\$1.82 billion). The majority of Child Care Subsidy was paid in relation to families using Centre Based Day Care services (\$1.55 billion or 80.1%). While Family Day Care comprised 9.3% of total subsidy in the March quarter 2020.

During the height of the COVID-19 pandemic, there was additional support for families and businesses alike. Notwithstanding, we note as Job Seeker and Job Keeper ended in early 2021, government assistance has fallen back to standard levels with the exception of Victoria

More recently, the 2021 Federal Budget announced changes to the Child Care Subsidy (CCS) system whereby the Australian Government has committed \$1.7 billion over five years in an effort to reduce out of pocket expenses for families by increasing the CCS rate by 30% for the second and subsequent child(ren). Further, the government has pledged \$17.9 million over four years to establish a new Early Childhood Program focused on children with additional needs.



Female Workforce and Participation Rate

The labour force of female workers has consistently risen over the last few decades providing a solution to the ongoing need for additional staff in child care services. The participation rate relates to active population of all people aged 15 years and over who are working or looking for work (i.e. employed or unemployed).

The latest ABS Gender Indicators, Australia report (dated Dec-20) highlighted in 2019–20, two-thirds of women (67.6%) and more than three quarters of men (78.1%) aged 20–74 years old participated in the labour force. In comparison, for parents aged 20–74 years, whose youngest child was under six years old, the difference between female and male labour force participation rate widened considerably from 65.5% of women and 94.4% of men.

For those parents whose youngest child is 6-14 years old, female participation rate greatly increases (to 80.2%) while male participation rate remains relatively stable (92.4%), likely reflecting women re-entering the work force once their children reach primary school age.

In all age groups, except 15-19 years, the labour force participation rate for women is lower than that for men. The age groups with the largest difference were:

- 30-34 years, a 13.9% difference (77.8% of women compared to 91.7% of men)
- 35-39 years, a 15.1% difference (77.5% of women compared to 92.6% of men)
- 60-64 years, a 13.1% difference (51.7% of women compared to 64.8% of men)

Industries with the highest proportion of women were health care and social assistance (77.9%) and education and training (71.6%), while men dominated the construction (87.3%) and mining (83.0%) industries. The industries with the highest proportions of women and men have remained consistent over the past decade. Women are more likely than men to be working part-time, with 43.0% of employed women and 16.0% of employed men aged 20–74 years old working part-time.

The differences in part-time working arrangements were even more pronounced for parents with dependent children:

- For parents whose youngest child was under six, three in five employed mothers (59.1%) worked part-time compared to less than one in ten employed fathers (7.9%); and
- For parents with older children (youngest dependent child between 6-14 years old), half of all employed mothers (47.7%) worked part-time, compared to less than one in ten employed fathers (8.7%).

In 2019–20, a third of women (32.4%) and just over one in five men (21.9%) aged 20–74 years old were not in the labour force. The largest difference was for people aged 30–34 years old, where women (22.2%) were around three times more likely than men (8.3%) to be out of the labour force. This may reflect the age group of women more likely to be having children, and taking a major role in their care, since the median age of mothers at birth in 2017 was 31.5 years.

The federal government has made clear intentions of providing support for females entering back into the labour force, which will appease ongoing demand from a child care level nationally. It is anticipated that the participation rate for both females and males will increase in the short to medium term as household mortgage stress increases due to bank deferral notices ending alongside Jobseeker and Job Keeper schemes ending in early 2021.



Population Projections for 0-14 Age Demographic

The growth of this age group is underpinning further demand of the sector.

The 0-14 age group is expected to grow 1.8% annually. In the year ending 30 June 2019, the number of children increased by 1.0% (48,900 people) compared with an increase of 1.2% (53,600 people) in the previous year. Over this period, the number of 0-4 year olds decreased by 5,100 (0.3%), 5-9 year olds increased by 14,200 (0.9%), and those aged between 10-14 years increased by 39,800 (2.6%).

The Australian Capital Territory had the largest percentage increase in the number of children (1.9%), followed by Victoria (1.3%), Queensland (1.1%) and New South Wales (1.0%). The Northern Territory was the only state or territory with a percentage decrease (1.0%).

The outlook for population remains relatively positive nationally, with states such as NSW, QLD, VIC and ACT all forecasting to reflect strong population growth, notwithstanding WA, SA and TAS will reflect subdued growth in comparison whereas NT will record very limited growth if any. A large proportion of population growth is attributable to net overseas migration (NOM), which has been negatively impacted by the COVID-19 pandemic and will ultimately impact on the underlying population growth.



Implementation of Additional Regulations

A continual national clampdown from the regulatory bodies to implement more stringent regulations relating to building approvals for new and existing centres and or operational aspects of the underlying business have been ever present. These additional measures will develop a continued consistent framework whereby child care services can operate. Whilst on face value additional regulations may appear cumbersome, they are designed, discussed and implemented with an overarching goal of creating a more safer education sector for children within Australia. Some of these recent clampdowns are detailed below.

- From 9 December 2020, the Australian Government passed the Fair Work Amendment (Supporting Australia's Jobs and Economic Recovery) Bill 2020 (the Bill) which will amend the Fair Work Act 2009 (Fair Work Act). Aimed to assist Australia's recovery from COVID-19 by creating a new definition for casual employees and will require employers to make an offer to such casual employees if the employee has been employed by the employer for a period of 12 months beginning the day the employment started and during at least the last 6 months of that period;
- From 1 October 2020, approved providers of education and care services that offer, or arrange, transportation of children will be required to have in place transportation-specific policies and procedures. New requirements for transport-specific risk assessments and obtaining written authorisations will also apply. Minor corresponding changes relating to excursions that involve transporting children will also take effect;
- The NSW Minister for Education and Early Childhood Learning (the Hon Sarah Mitchell MLC), announced on Sunday 29th November 2020, an overhaul of all professional development for teachers, including early childhood teachers (ECTs). The NSW Education Standards Authority (NESA) will still require teachers to do 100 hours of professional development for over five years to maintain their accreditation. However, the 50 hours of NESA accredited courses will now be undertaken in (new) priority areas, while courses in the other 50 hours will need to meet an approved list of elective areas (yet to be announced); and
- The Australian Labour Party's proposal to increase investment in Australian families by increasing the (Commonwealth's Child Care) subsidy rate to 90% has been well received and endorsed. However, activity testing still needs reform to provide all families with two days a week of early learning, which would benefit the most vulnerable children in Australia. There are ongoing engagements with the Federal Government on this point.

COVID-19

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors.

On 2 April 2020, in recognition of the COVID-19 global pandemic, Education Ministers announced four critical areas for time-limited regulatory action, including the suspension of assessment and ratings. The other three areas were waiving fees and charges for COVID-19 related applications, fast-tracking qualification waivers and making rapid operation adjustments as required. The assessment and rating process takes around 3 to 4 months from initial notification to approved publication of the final rating. The temporary suspension of the assessment and ratings due to COVID-19 has therefore had a significant impact on the volume of new quality assessment and rating results in the latest 'NQF Snapshot Q3 2020, dated November 2020'. Regulatory authorities have now recommenced the assessments and rating process.

On a real estate and sector specific basis, we consider the potential for impact on the operations of a child care centre to be mixed. Initially, uncertainty and fear caused many to withdraw their children from care given the potential health concerns. This coupled with government enforced lockdowns, resulted in many centres being shut down and non-operational or best case scenario, operational with limited child placements. As such, the immediate impact of COVID-19 was a substantial drop in occupancy and therefore rental affordability effecting individual operators. However, market participants consider this to likely be a short term impact only, with many government restrictions having eased and have since been lifted which included the re-opening of child care centres back to normal occupancy levels.

Notably, the Australian Government has implemented measures throughout 2020 to help the early childhood education and care sector manage the impact of the COVID-19 pandemic. The Relief Package, initially designed to run from 6 April to 28 June 2020, temporarily replaced the Child Care Subsidy (CCS), providing families with free child care, and giving providers a weekly Business Continuity Payment of approximately 50% of their fee revenue or 50% of the existing hour rate cap, whichever was lower, based on the fortnightly reference period to 2 March 2020. The Government initially committed \$1.6 billion for the three-month Relief Package and conducted a Four Week Review to determine the success of the Relief Package, and to consider adjustments that may need to be made in the short term and as the sector returned to CCS. The Relief Package was provided alongside other support payments for the sector, including Job Keeper and Cash Flow booster for employers with payments of between \$20,000 and \$100,000. A review found the Relief Package did its job, with 99% of services staying open. Supporting this, a survey of services established that by mid-May 2020 attendance hours across the sector had risen from disastrously low levels to 74% of pre-COVID levels.

On 8 June 2020, the Australian Government announced it would extend the Relief Package to 12 July 2020, with the CCS system to resume the next day. To ease the transition, the Minister announced services would receive a Transition Payment of 25% of their fee revenue, COVID-19-impacted families would receive up to 100 hours per fortnight of subsidised care under a relaxed activity test and additional absence days could be claimed for COVID-19 related reasons without the need for medical evidence until 31 December 2020.

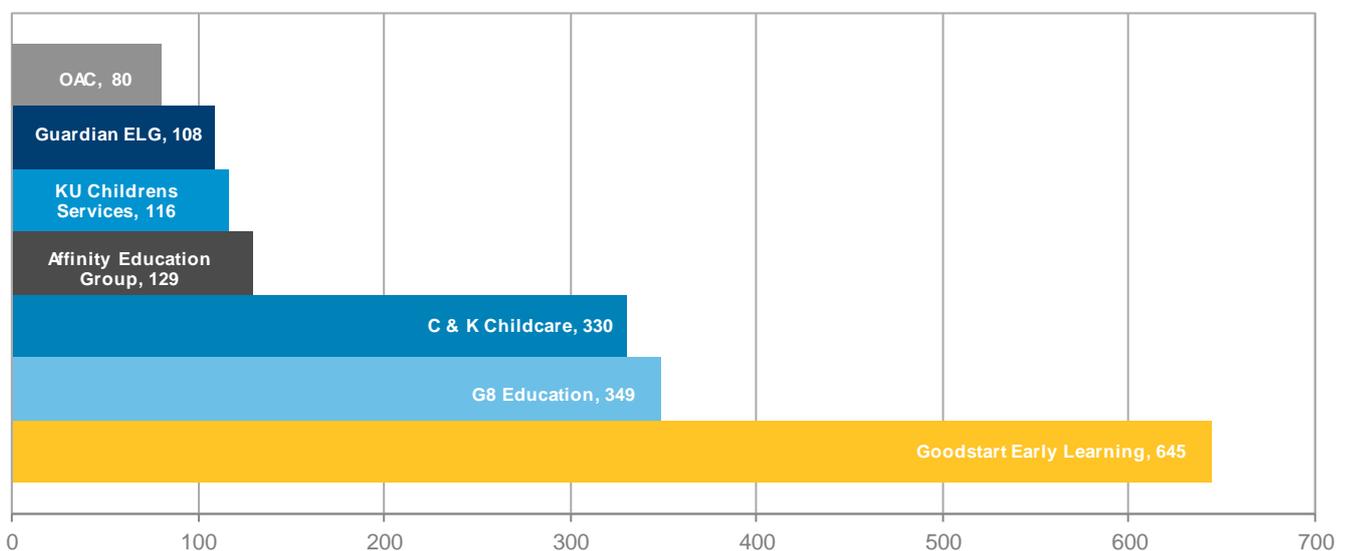
More recently, the government has introduced a range of support payments to child care services that are impacted by COVID-19 lockdowns throughout NSW, Victoria and ACT. Between \$40 to \$50 million of COVID-19 relief is paid per week to over 8,000 services which waive the fees of impacted families in an effort to maintain occupancy and staffing levels. Since the beginning of the pandemic, approximately \$3 billion of support payments have been provided to the child care sector.

Market Operators and Participants

The child care sector has evolved in the last 20 years to become a structured, transparent segment of the services sector. As would be expected, the ownership profile across Australia is vast and varies in quality with a majority of child care centres being owned by private entities (either single or multiple facilities). On a national landscape, large market operators are gaining market share via strategic acquisitions or consolidation with larger operators. On a more micro level, smaller more localised service providers tend to stick within their localised offering in comparison to the larger market operators. There are approximately 16,000 services nationally, we are therefore unable to accurately comment on the breakdown of ownership given the fragmented nature of ownership (i.e. government on a national vs state vs local basis). Notwithstanding, we are confident that the core share of market operators is dominated by single operators.

A list of the major market operators is provided in the below graph:

Main Market Operators & Number of Centres



Source: NQS Snapshot Q3 2020, Colliers International

As can be seen from the graph above, the industry is dominated by Goodstart Early Learning, G8 Education and C&K Childcare, which collectively operate 1,324 services nationally or 8.2% of the total services nationally. We also note that there are a number of operators excluded from the graph above which operate between 20-50 services, namely Think Childcare Group, Mission Australia (now Goodstart Early Learning) and Green Leave. We note that a large proportion of operators stem from government bodies or schools, which make up approximately 16% of the total services.

We note following profiles for the dominant operators:



In 2009, Goodstart Early Learning was founded by a partnership between four of Australia's leading community sector organisations - The Benevolent Society, Mission Australia, the Brotherhood of St Laurence and Social Ventures Australia. Goodstart is an Australia owned not-for profit organisation.

Today, Goodstart is Australia's largest provider of early learning and care, operating 645 child care centres nationwide. Goodstart's mission is to equip children to become successful life-long learners, develop the skills they need for a smooth start to formal schooling and provide them with the ability to navigate an ever-changing world.



G8 Education™

G8 Education Limited (ASX:GEM) is a leading provider of quality care and education services across Australia through a range of well-respected and recognised brands. G8 Education was established as a family owned and operated company, comprising of 30 child care centres in 2007 and later publicly listed on the ASX. Today, G8 Education has grown to become Australia's largest publicly listed provider of early childhood education and care with 340+ centres across Australia. G8 Education has developed a clearly defined vision to support families with quality early childhood education and care options under its umbrella of 21 brands. G8 employs 11,000 people across its various brands and at the date of writing has a market cap of \$1.02 billion, placing it 285th on the ASX in terms of size.



C&K is one of Queensland's largest not-for-profit early childhood education and care providers. There are over 330 kindergartens and child care centres. In Sep-10, the Queensland Studies Authority approved C&K's Building waterfalls teaching and learning guidelines for kindergarten. This was the only independently approved early childhood curriculum in Australia, meeting the standards of the Early Years Learning Framework at the time.

In 2019, C&K Childcare & Kindergarten launched Listening and Learning Together: The C&K Curriculum Approach, for children birth to five. C&K has achieved an exceeding rating across 63% of all its Centres. C&K is also a Central Governing Body (CGB), which manages and disperses federal and state funding to branch and affiliate centres (being an affiliate centre owned and operated by a volunteer management committee under an incorporated association).



AFFINITY EDUCATION GROUP

Affinity Education Group is a privately owned company which owns and operates approximately 129 centres throughout Australia within a professional network of early child care brand groups. On 15 December 2015, Anchorage and co-investors acquired 100% of the equity of the ASX listed, Affinity Education Group Limited for a reported \$213m AUD.



Since 1895

Founded in 1895, KU (then the Kindergarten Union of NSW) opened Australia's first preschool aimed at providing education to the community's most disadvantaged children – and in that moment, early education in Australia was born. Today KU is one of Australia's largest and leading providers of preschools, child care and other early education services, and remains proudly not-for-profit.



Founded in 2004 with 28 managed Centres, Guardian Childcare and Education has grown to 108 owned Centres across Australia, namely in metro CBD locations. Guardian was initially created to provide day-to-day management of privately-owned childcare Centres. But in 2006 the focus shifted to owning and managing their own Centres. Approximately 92% of their Centres are meeting or exceeding the NQS.



In 2016, Bain Capital acquired Only About Children (OAC) for circa \$400 million. At the time of acquisition, OAC operated 34 child care centres in Sydney and Melbourne. In 2018, Bain Capital acquired rival child care business Little Learning School for circa \$150 million and subsequently rebranded these as Only About Children. Today, OAC operates 80 child care centres throughout in Sydney, Melbourne and Brisbane Only About Children provides care to over 8,000 families and employing over 2,000 people.

Whilst there are a vast number of operator types, lease covenant strength ultimately plays a significant role in the underlying value of a child care centre. As would be the cases in other asset classes such as office, retail or industrial, there is a perceived premium when a property is leased to a blue-chip/ASX200 company or not-for-profit. As such, these child care centres are highly desirable.

Governance

Since 1 January 2012, a majority of long day care, family day care, preschool/kindy and outside school hours school care services fall within the scope of the COAG (Council of Australian Governments) endorsed National Quality Framework for Early Childhood Education and Care (NQF).

The NQF aims to create a uniform national approach to the regulation and quality assessment of early education and care (ECEC) services. This replaces separate licensing and quality assurance processes in each jurisdiction. Further, it was established in response to concerns about inconsistent quality standards across jurisdictions and overlap between Australian Government and state and territory government regulatory arrangements.

Some service types are excluded from the scope of the NQF by the National Regulations and the National Law. In addition, both Tasmania and Western Australia have chosen to continue regulating kindergartens (preschools) in those states under relevant state education legislation. The governance for the NQF involves three national bodies and eight jurisdictional regulatory authorities. ACECQA, which is responsible for leading the implementation of the NQF and ensuring national consistency, reports to two related COAG bodies:

- The Education Council (formerly the Standing Council on School Education and Early Childhood); and
- The Australian Education, Early Childhood Development and Youth Affairs Senior Officials Committee (AEEYSOC).

These three bodies have varying responsibilities, including monitoring the implementation of the NQF and reforming the National Law and National Regulations at the national level. State and Territory regulatory authorities administer and monitor the NQF on the ground in each jurisdiction. ACECQA is a national statutory authority established under the National Law to lead the implementation of the NQF. The Authority has a 13 member board — eight nominated by state and territory governments and four by the Australian Government, plus a Chair appointed independently by the Education Council. The ACECQA Board is appointed by, and accountable to, the Education Council. The Board reports to the Education Council through AEEYSOC. ACECQA's CEO is responsible for the day-to-day management of the authority.

The Education Council is one of eight Councils established under current COAG arrangements, replacing the Standing Council on School Education and Early Childhood. Its membership includes State, Territory, Australian Government and New Zealand Ministers with responsibilities for either school education, early childhood development, and/or youth affairs. The Council provides a forum through which national policy on ECEC (as well as school education and other youth policy) can be coordinated. Its responsibilities include endorsing and coordinating changes to the NQF.

The Education Council is supported by AEEYSOC, a group of senior state, territory and Commonwealth officials with responsibility for school education, ECEC and youth affairs. Its roles include:

- Providing policy advice to the Education Council;
- Supervising and coordinating the Education Council's work across its advisory bodies and working groups;
- Resolving operational and policy issues before progressing matters raised by ministerial authorities; and
- Managing and coordinating jurisdictions' funding contributions for national agreed projects and initiatives, through the Education Council Secretariat.

The National Law sets a national standard for children's education and care across Australia. The National Regulations support the National Law by providing detail on a range of operational requirements for an education and care service. We note the following legislation which applies to each state or territory, and if applicable, the corresponding Application Act overleaf:

State / Territory	Legislation	Application Act
VIC	Education and Care Services National Law Act 2010	-
NSW	Education and Care Services National Law Act 2010	Children (Education and Care Services National Law Application) Act 2010
ACT	Education and Care Services National Law Act 2010	Education and Care Services National Law (Act) Act 2011
NT	Education and Care Services National Law Act 2010	Education and Care Services (National Uniform Legislation) Act 2011
SA	Education and Care Services National Law Act 2010	Education and Early Childhood Services (Registration and Standards) Act 2011
TAS	Education and Care Services National Law Act 2010	Education and Care Services National Law (Application) Act 2011
QLD	Education and Care Services National Law Act 2010	Education and Care Services National Law (Queensland) Act 2011
WA	Education and Care Services National Law (WA) Act 2012	-

Investment Landscape

The child care industry was impacted significantly by ABC Developmental Learning Centres (ABC) financial issues and corporate restructure in early 2008. ABC was the first child care operator to be listed on the Australian Stock Exchange in 2001 and grew to become the largest private child care operator in Australia. At its peak, ABC represented approximately 20% of the long day care market in Australia, with a major presence across all states and territories.

The growth of ABC was sustained by substantial borrowing and the Global Financial Crisis occurring in 2008 was seen to be a catalyst for its demise. On 6 November 2008, the Directors of the company placed it in the hands of voluntary administrators and receivers were appointed on the same day.

ABC was a major market driver prior to its collapse, perceived as driving yields down and out-pricing small private investors in several areas. During its peak ABC appeared to strategically purchase several sites within a market area to gain exclusivity and often negotiated inflated rental prices in order to obtain sites. This strategy created an oversupply of centres providing Long Day Care services in a number of areas, with each of these centres encompassing a relatively small market share. When ABC collapsed a number of pre-committed sites were released to the market at approximately 20% - 30% lower rentals than had been paid by ABC. The collapse resulted in reduced values and more affordable yields in this property asset class.

The insolvency of ABC was a large shock to the Australian child care market, resulting in a loss of confidence from vendors, purchasers and financiers. The Commonwealth Government provided support to the receivers in order for the centres to continue operations during a transitional period.

In 2009 a not-for-profit consortium, 'Good Start', comprising Mission Australia, the Benevolent Society, the Brotherhood of St Laurence and Social Ventures Australia, purchased more than 678 ABC child care centres. The deal was said to be valued at \$155 million dollars, funded by National Australia Bank and private benefactors. The Federal Government was included as a private benefactor, investing \$15 million on a seven-year loan.

From 2011 the child care market has experienced a period of recovery. Since this time, the investment market has experienced a significant increase in sales volume and overall yield compression year on year.

In 2013 Arena REIT listed on the ASX comprising 189 centres, 7 medical centres and 11 development sites in Australia. Later in 2013 AET (managed by Folkestone) and the unlisted Folkestone child care Fund completed a merger, which increased the FET portfolio to 352 centres.



In 2016, Bain Capital acquired Only About Children (OAC) for circa \$400 million. At the time of acquisition, OAC operated 34 child care centres in Sydney and Melbourne.

In 2018, Bain Capital acquired child care business Little Learning School for circa \$150 million and subsequently rebranded these as Only About Children. Charter Hall acquired Folkestone, establishing the largest child care property fund in Australia.

In early 2019, shareholders of Greentown Education Investment Co. Ltd, a wholly owned subsidiary of HKSE-listed Greentown Service Group Co Ltd, purchased the controlling interest in Montessori Academy. Montessori Academy is a provider of structured early childhood education for pre-school age children in Australia. The purchase is reported to have represented a consideration of \$67,204,190 (subject to adjustment) for a 56% equity interest in the company. Later in 2019, Goodstart Early Learning (Goodstart) confirmed the purchase of 19 national long day care centres and four Queensland kindergartens from Mission Australia Early Learning (Mission Australia).

In June 2021, Busy Bees Australia announced its acquisition of Think Childcare Limited for \$3.20 per stapled security. Think Childcare owns and manages over 78 centres across Australia which will be included under the Busy Bees Australia umbrella.

In September 2021, Home Consortium announced its listed their HealthCo fund on the ASX . The group announced the portfolio is forecasted to reach \$1 billion on new acquisitions and have been actively acquiring new centres throughout Australia.

More recently existing market participants have become more aggressive in the market, together with private operators. Whilst the major market participants prefer to buy 'group' operations, they have also been acquiring single operations as stock has become scarcer.

Our research indicates that the majority of sales volume for investment grade property is particularly for those properties priced within the accessible bracket up to \$5 million. Active investors in the market include private investors, small syndicates and self-managed superannuation funds, each seeking investment opportunities of properties with strong lease covenants, leased to reputable tenants on long term leases and which are well located in metropolitan areas. These properties remain highly sought-after and attract stronger yields.

As previously mentioned demand is strong for child care businesses (Leasehold interests) and investment grade property (Freehold subject to lease) however, demand for Going Concern property (business, freehold, plant & equipment) is more difficult to determine, as the majority of vendors elect to dispose of one or both of the interests separately in an attempt to realise a potential uplift in value. Further, when these are disposed of as a Going Concern it is often as a distressed assets further limiting the sales evidence.

The growth in sales volumes over the past 5 years indicates that the child care asset class has matured nationally. Investors are attracted to this investment class given the following highlights:

- Typically, triple net lease structures (tenant pays all outgoings including structural capex);
- Long term leases typically of 15-20 years and options with fixed rental increases;
- Accessible price point opening a diverse buyer pool;
- Underlying land value;
- Introduction of NQF in 2012 lifted national standards, simultaneously adding transparency to the asset class;
- Relatively ease of management, most investors have had an indirect exposure to child care;
- Strong underlying government support for the child care sector, adding strength to the covenant; and
- Child care is considered to form part of the key social infrastructure of a local community.

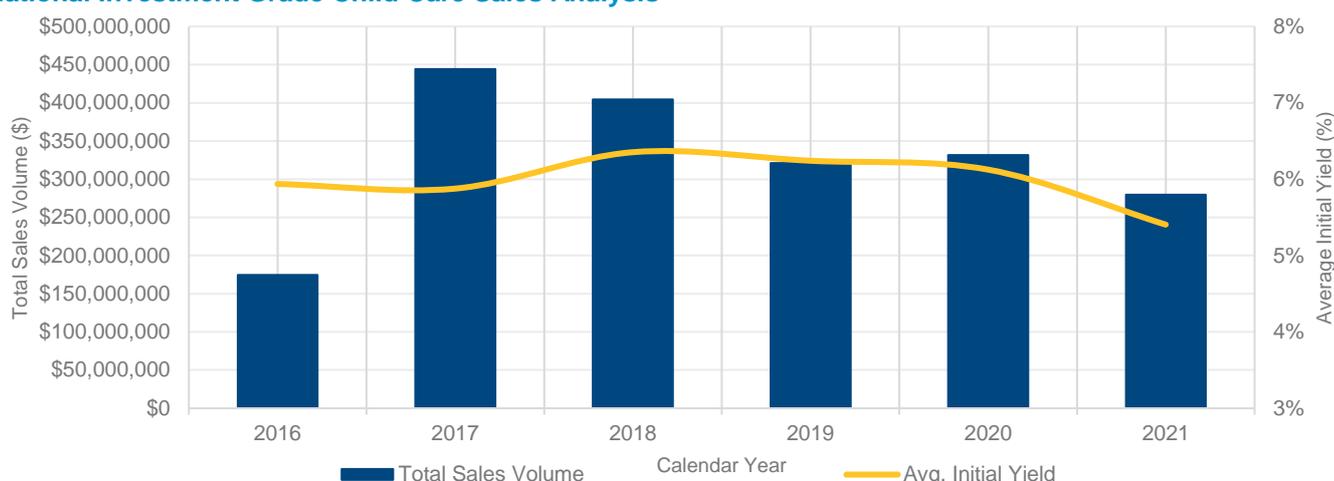
We highlight that there have been limited sales in the higher price brackets, particularly as a result of the lack of supply. In this regard, we comment that there is a limited availability of suitable sites within metropolitan locations which can accommodate the larger placed centres, as child care developers are having to compete for sites with an increasing number of residential developers. Centres with high occupancy levels, established trading history and which are well located in metropolitan areas, remain highly sought-after and attract stronger yields.

The below table highlights the key metrics within the child care sector over the past 5 years and YTD period (8 months).

Measure	2016	2017	2018	2019	2020	YTD
Total Sales Volume	\$174,583,000	\$444,487,000	\$404,583,500	\$320,992,216	\$331,473,743	\$279,538,000
No. of Transactions	51	109	96	77	73	51
Average Initial Yield	5.94%	5.88%	6.36%	6.24%	6.13%	5.41%
Average Rate Per Place	\$41,781	\$48,848	\$43,774	\$47,609	\$49,997	\$55,441

The below graphically illustrates the volume and average yield of the child care sector over the past 5 years and YTD period (8 months).

National Investment Grade Child Care Sales Analysis



Yields have shown a fluctuating compression over the years analysed. Since 2016, the transactions volume has continually been in excess of \$100 million per calendar year with 2017 recording the highest amount recorded (excluding any large portfolio transactions). We note that the peak of the investment cycle was in 2017. In 2018 yields softened, attributable to a period of lack of quality stock coupled with new centres being built at the time, which would be completed in the following 2019 calendar year. Moreover, there was uncertainty around the ‘CCS’ Scheme coming into effect with negative sentiment surrounding the affordability of child care given the change in the national government leadership at that time. The 2021 YTD period only comprises 8 months of transactions, however, has continued the trend on previous years albeit at stronger levels with yields compressing to an average of 5.41%.

We anticipate yields to compress further in the short to medium term. We are anticipating an increased level of stock following a period of low stock during a global pandemic as evident by the number of transactions for the 2021 YTD of 67 being only marginally below the 2020 period of 73 transactions with 3 further months of the year remaining. We are of the opinion investors are interested in this sector primarily driven by the fact its needs based and there is a potential to secure a long-term lease with a strong lease covenant (either to a listed operator or not for profit). The market is



primarily private investors with only a nominal number of institutional investors present/interested given the average quantum of value. Notwithstanding, private investors are actively increasing their market share through selective acquisitions and organic growth. We do expect further consolidation into the years following the 2021 calendar year.

Market Outlook

The increasing population growth, female work participation rate and the increase of government funding is proving to be a positive influence on the sector, supported by the historically low interest rate environment and generally overall customer awareness of the sector.

An increase to child care participation rates nationally will be expected as the quality of the NQF guidelines refine in the coming years. Parents have the ability to check service ratings nationally and are demanding excellence from Long Day Care Centres, with an increased emphasis on education programs which include school-readiness programs and extra-curricular activities such as language, music and arts. There is a strong emphasis as well from operators to maintain an Exceeding rating, and in some rare cases the Excellent rating. Long Day Care Centres have reasonably satisfied these demands and overall, the quality of education and care nationally has improved dramatically since the introduction of the NQF.

The market has experienced a buoyant period with strong demand over the last few years. We anticipate the demand for high quality assets will be strong particularly from existing market participants and high net worth individuals. Notably, the prolonged low interest rate environment and average length tenure for individual properties is considered to be an important investment factor within this segment that could provide an offset to any negative impact on the market.

We believe that market size of the child care market within Australia is between \$8 to \$10 billion AUD. As the market share is dominated by single investors it is very hard to obtain scale unless one of the major operators/participants are acquired. These are not actively offered to the market and if any potential trade sale was to occur, it would happen on an off-market basis. Accordingly, we are not aware of any portfolios currently on the market, individual properties are available and generally taken to auction through Burgess Rawson.

The development pipeline continues to remain strong, fuelled by participation from both female employers and children alike. There appears to be over supply in some catchments which may appear to subdue child care fees for some specific child care centres. Similar to other market corrections, we are expecting a "flight to quality" with continued demand for secure investment assets. Newer development child care centres, particularly for those in under supplied catchments will be highly sought after if offered to the market, however we don't anticipate many of these 'flagship' centres will be divested. Given the strong development pipeline and the increase to child care placements throughout Australia, we forecast rental growth for child care centres to be relatively subdued in the short to medium.

We consider development growth to be organic in the short to medium term, albeit more recently we are aware of institutional investors having development agreements in place with operators with extensive pipelines. Our data suggests around 2-3% growth per annum in development applications lodged. We are of the opinion that at a macro level, the child care industry can support healthy growth rates, however specific regard has to be taken into consideration at a micro/trade area level, particularly supply and demand.

Overall, we consider the short to medium term outlook for the child care market to be optimistic recognising the keystone continual government support from the on a federal and state level.

11 Valuation Rationale

In determining the current market value of the property, we have examined the available market evidence and applied this analysis to the income capitalisation approach. This approach has in turn been checked by the direct comparison approach, analysed on a rate per place.

11.1 Sales Evidence

In assessing the market value of the subject property, we have considered a broad pool of sales transactions. This information may not be publicly available and our analysis herein is based on our interpretation of the information previously provided to us and assumptions/observations we have made based on our knowledge of the industry.

58 Botany Parade, Hammond Park, WA



Sale Date	Sep-21	WALE	15.00 years
Sale Price	\$4,525,000	Net Income	\$225,500
Land Area	1,883m ²	Rate Per Place	\$55,864
No. of Places	81	Initial Yield	4.98%

Comments

Erected upon the land is a modern, purpose-built single level childcare centre with onsite parking for 24 vehicles. The centre comprises typical child care accommodation along with outdoor play areas. The centre is currently approved for 81 children per day catering for the 0-5 age groups and trades as operates as 'Buttercups Childcare & Early Learning Centre - Hammond Park.

The improvements are erected on an irregular shaped corner allotment which provides frontage to Botany Parade, Macquarie Boulevard, Lindley Lane and Moonah Way. Vehicular access is provided Lindley Lane available to traffic travelling in both directions.

The property is zoned Development under the City of Cockburn Town Planning Scheme No.3.

The Success – Hammond Park SA2 area has a SEIFA score of 9.

Sold by Burgess Rawson, subject to a new lease to Buttercups Childcare & Early Learning on a term of 15 years with two further 10 year options. Rent reviews are annually to 3%. We understand that the rent at the time of sale was \$225,500 per annum net plus GST reflecting a rate per place rental of \$2,784.

We have treated this sale with caution as settlement is yet to occur.

Reconciliation

The property represents a sale of an investment grade child-care centre located in a superior location. The improvements are of an inferior standard of finish and accommodate a lower number of approved places. Inferior covenant, lower net income per annum and shorter remaining lease term. Overall, the subject is expected to reflect a softer yield and higher rate per place.

157 Rockingham Road, Hamilton Hill, WA



Sale Date	Jun-21	WALE	28.90 years
Sale Price	\$5,077,000	Net Income	\$289,203
Land Area	3,073m ²	Rate Per Place	\$51,283
No. of Places	99	Initial Yield	5.70%

Comments

Erected upon the land is purpose-built single level childcare centre with onsite parking for multiple vehicles. The centre comprises typical child care accommodation along with outdoor play areas. The centre is currently approved for 99 children per day catering for the 0-5 age groups and trades as operates as 'Genius Hamilton Hill'.

The improvements are erected on an irregular shaped allotment which provides frontage to Rockingham Road and Paulik Way. Vehicular access is provided Rockingham Road available to traffic travelling in a north-west bound direction only.

The property is zoned Mixed Business under the City of Cockburn Town Planning Scheme No.3.

The Hamilton Hill SA2 area has a SEIFA score of 3.

Sold by Burgess Rawson, subject to a lease to Genius Early Learning which commenced May-20 on a term of 30 years with one further 10 year option. Rent reviews are annually to 2.5%. We understand that the rent at the time of sale was \$289,203 per annum net plus GST reflecting a rate per place rental of \$2,921.

We have treated this sale with caution as settlement is yet to occur.

Reconciliation

The property represents a sale of an investment grade child-care centre located in an inferior location. The improvements are of an inferior standard of finish although accommodate a higher number of approved places. Similar covenant, lower net income per annum and longer remaining lease term. Overall, the subject is expected to reflect a softer yield and higher rate per place.

33 Amelia Street, Balcatta, WA



Sale Date	May-21	WALE	15.00 years
Sale Price	\$4,325,000	Net Income	\$216,000
Land Area	1,673m ²	Rate Per Place	\$60,069
No. of Places	72	Initial Yield	4.99%

Comments

Erected upon the land is purpose-built single level childcare centre with onsite parking for 20 vehicles. The centre comprises typical child care accommodation along with outdoor play areas. The centre is currently approved for 72 children per day catering for the 0-5 age groups and trades as operates as 'Nido Early School Balcatta'.

The improvements are erected on an irregular shaped corner allotment which provides frontage to Amelia Street and Cedric Street. Vehicular access is provided Rockingham Road available to traffic travelling in an eastbound direction only albeit eased by the round-a-bout.

The property is zoned Residential under the City of Stirling Town Planning Scheme No.3.

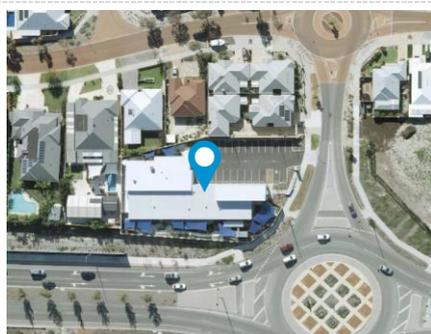
The Balcatta - Hamersley SA2 area has a SEIFA score of 6.

Sold by Burgess Rawson, subject to a new lease to Nido Early Learning on a term of 15 years with three further 10 year options. Rent reviews are annually to 3%. We understand that the rent at the time of sale was \$216,000 per annum net plus GST reflecting a rate per place rental of \$3,000.

Reconciliation

The property represents a sale of an investment grade child-care centre located in a similar location. The improvements are of an inferior standard of finish and accommodate a lower number of approved places. Same covenant, however, lower net income per annum and shorter remaining lease term. Overall, the subject is expected to reflect a softer yield and higher rate per place.

26 Westbrook Avenue, Ellenbrook, WA (Subject Property)



Sale Date	Dec-20	WALE	20.00 years
Sale Price	\$5,220,000	Net Income	\$339,300
Land Area	2,245m ²	Rate Per Place	\$60,000
No. of Places	87	Initial Yield	6.50%

Comments

Erected upon the land is new, purpose-built single level childcare centre with onsite parking for 26 vehicles. The centre comprises typical child care accommodation along with outdoor play areas. The centre is currently approved for 87 children per day catering for the 0-5 age groups and trades as operates as 'Nido Early School Learning Ellenbrook'.

The improvements are erected on an irregular shaped allotment which provides frontage to Westbrook Parade and The Promenade. Vehicular access is provided Westbrook Parade available to traffic travelling in a northbound direction only albeit eased by the round-a-bout.

The property is zoned Special Use under the City of Swan Town Planning Scheme No.17.

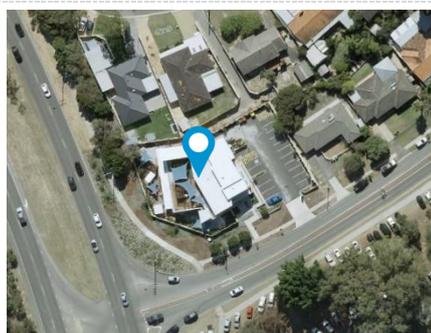
The Ellenbrook SA2 area has a SEIFA score of 6.

Sold by Burgess Rawson, subject to a new lease to Nido Early Learning on a term of 20 years with two further 10 year options. Rent reviews are annually to CPI + 1%. We understand that the rent at the time of sale was \$339,300 per annum net plus GST reflecting a rate per place rental of \$3,900.

Reconciliation

Sale of the subject property during inferior market conditions. Since this date, market conditions have improved significantly with yields compressing nationally. Accordingly, we consider the subject would achieve a tighter yield and higher rate per place.

1 Forrest Road, Padbury, WA



Sale Date	Jun-20	WALE	19.55 years
Sale Price	\$4,605,000	Net Income	\$298,287
Land Area	1,737 m ²	Rate Per Place	\$56,159
No. of Places	82	Initial Yield	6.48%

Comments

Erected upon the land is a purpose-built, circa 2019, two level childcare centre with onsite parking for 20 vehicles. The centre comprises typical child care accommodation along with outdoor play areas. The centre is currently approved for 87 children per day catering for the 0-5 age groups and trades as operates as 'Nido Early School Padbury'.

The improvements are erected over two contiguous allotments which provide an irregular shaped site, benefitting from dual street frontages to Forrest Road and Marmion Avenue. Vehicular access is provided via Forrest Road to traffic travelling in a north-east bound direction only.

The property is zoned Residential under the City of Joondalup Town Planning Scheme No.3. The Padbury SA2 area has a SEIFA score of 7.

Sold by Burgess Rawson, subject to a new lease to Nido Early Learning on a term of 20 years with two further 10 year options. Rent reviews are annually to CPI + 1%. We understand that the rent at the time of sale was \$298,287 per annum net plus GST reflecting a rate per place rental of \$3,638.

Reconciliation

The property represents a sale of an investment grade child-care centre located in a superior location. The improvements are of a similar standard of finish although accommodate a lower number of approved places. Same covenant, however, lower net income per annum and shorter remaining lease term. Sold during a weaker market climate. Overall, the subject is expected to reflect a softer yield and higher rate per place given current market conditions.

Sales Conclusion

The following is a table summarising the sales evidence detailed herein:

Property	Sale Date	Sale Price	No. of Places	WALE	Net Income	Initial Yield	\$/Place
58 Botany Parade, Hammond Park, WA	Sep-21	\$4,525,000	81	15.00	\$225,500	4.98%	\$55,864
157 Rockingham Road, Hamilton Hill, WA	Jun-21	\$5,077,000	99	28.90	\$289,203	5.70%	\$51,283
31 Amelia Street, Balcatta, WA	May-21	\$4,325,000	72	15.00	\$216,000	4.99%	\$60,069
26 Westbrook Avenue, Ellenbrook, WA (Subject Property)	Dec-20	\$5,220,000	87	20.00	\$339,300	6.50%	\$60,000
1 Forrest Road, Padbury, WA	Jun-20	\$4,605,000	82	19.55	\$298,287	6.48%	\$56,159

The above sales evidence reflects an initial yield range of between 4.98% to 6.48% and a rate per place of \$37,778 to \$60,069 with differences primarily attributable to location, zoning, configuration and condition of improvements, strength of lease covenant and exposure among others.

Notably, the passing rent of the subject property is higher than the available sales evidence and therefore we would consider the appropriate capitalisation rate to be towards the upper end of the range. Further, the subject property is at the upper end of the rate per place range, however, this is considered reasonable given the desirable metropolitan location and high standard of fitout of improvements.

Having regard to prevailing market conditions, and the comments outlined above, we have adopted the following market parameters for the subject property:

Market Yield Range	Rate Per Place Range
5.50% - 6.00%	\$62,500 - \$67,500

The above adopted market parameters have had regard to the following factors inter alia:

- Location of the subject property;
- Size, layout and condition of the improvements;
- Number of approved places;
- Level of exposure and ease of access;
- Demographics;
- Competition levels;
- Existing covenant;
- Term certain of 19.26 years remaining by income; and
- Current market conditions.

12 Valuation Calculations

12.1 Income Capitalisation Approach

The central premise of this approach is that the adopted capitalisation rate is derived from the yields indicated by sales of similar property investments. The yield derived from comparable sales evidence is purported to reflect any expectations of future growth in income and capital value.

The capitalisation of net income approach has been undertaken by applying a yield to the fully let passing net income (initial yield). Detailed below is the definition of the yield used in our assessment of the valuation for the subject property:

Passing Initial Yield	The net passing income for the property divided by the sale price or the adopted value.	$\frac{\text{Net Passing Income}}{\text{Sale Price or Adopted Value}}$
------------------------------	---	--

Our calculations are as follows:

Initial (Passing) Capitalisation Approach			
Current Passing Income		\$339,300	
Add Recoverable Outgoings		\$80,624	
Current Gross Income		\$419,924	
Less Adopted Outgoings	(\$927/place)	(\$80,624)	
Net Income		\$339,300	
Initial (Passing) Capitalisation Rate		6.00%	5.75% 5.50%
Core Capital Value		\$5,655,000	\$5,900,870 \$6,169,091
Adopted Initial Capitalisation Value			\$5,900,000
<i>Rounded Capitalised Value (\$/place)</i>			\$67,816

* Minor discrepancies may occur due to rounding

12.2 Direct Comparison Approach

As a secondary approach to value we have utilised the Direct Comparison Approach, analysed on a rate per place. In deriving an appropriate market value for the subject property on this basis, we have considered the available market evidence detailed within this report.

Having regard to the above, our calculations are as follows:

Direct Comparison Approach	No. of Places	Rate (\$ /place)	Core Value
		\$62,500	\$5,437,500
No. of Places	87	\$65,000	\$5,655,000
		\$67,500	\$5,872,500
Rounded Value			\$5,700,000
Reflected \$/place			\$65,517 / place



13 Valuation Conclusions

Our considered valuation conclusions are summarised as follows:

Valuations Approach	Valuation Figure
Income Capitalisation Approach	\$5,900,000
Direct Comparison Approach	\$5,700,000
Adopted Value	\$5,800,000

Accordingly, we have adopted a Market Value and Fair Value of \$5,800,000 (GST Exclusive), reflecting the following parameters:

Passing Yield	5.85%
Market Yield	5.85%
Direct Comparison Rate Per Place	\$66,667

We consider that the resultant parameters are reflective of the characteristics of the subject property, the current market fundamentals and comparable evidence considered.

14 Goods and Services Tax

We note that the property would be considered a Going Concern under the Australian Taxation Office Ruling GSTR 2002/5, and as such would not attract GST on the sale price. In this regard, we further advise that this valuation is a GST exclusive market valuation, on the basis that the property would be sold as a Going Concern.

This valuation is based on the assumption that the cost of any supply made under or in accordance with both the current and future leases will be increased by the amount of GST so levied or imposed. If this assumption is found to be incorrect, or if the party on whose instruction this valuation is provided wishes our valuation to be based on a different assumption, then this valuation should be referred back to the Valuer for comment and in appropriate cases, amendment.

15 Additional Requests

15.1 Insurance Replacement Cost Estimate

We are of the opinion that the GST exclusive Insurance Replacement Cost Estimate of the subject property is in the sum of **\$3,600,000 (THREE MILLION SIX HUNDRED THOUSAND DOLLARS)**

This figure includes an allowance for the following:

- Current construction costs,
- Professional fees, preliminaries and contingency costs;
- Inflation factor in respect to:
 - (i) Lead time for demolition and building approval;
 - (ii) Construction period;
 - (iii) Policy year;
- Removal of debris excluding any allowance for the safe removal of unknown hazardous materials.

The above Insurance Replacement Cost Estimate does not make any allowance for loss of rent, profit from the business and/or releasing / associated costs. Additional insurance cover should also be taken out for loss of profits, key-man, stock and contents, as required.

Furthermore, this Estimate is made on a 'new for old' basis and assumes the construction of a new building of the same size and dimensions to that which is currently erected upon the land, however, does not take into account the costs associated with reinstatement of any unique characteristics of the existing building, including heritage related elements of design and construction.

Excluded are finance costs, all items of furniture, fittings and equipment and any additional allowance for fire protection services not built into the adopted construction cost rate as well as any costs associated with large scale catastrophes that may have a material impact on the cost and availability of labour and building materials.

The reliant party is advised that the undersigned is not a Quantity Surveyor or construction expert and has relied upon published building costing guides and our own analysis of any available construction costs for comparable properties to arrive at our opinion of the above reinstatement value. From this data, we have applied a rate per square metre to arrive at our adopted construction costs. We highlight that we have not undertaken an elemental cost analysis, an approach which would produce a more robust assessment.

We further note that we have not sighted a current insurance policy and therefore not had regard to any specific details or requirements within any policy.

The reliant party is advised that the Insurance Replacement Cost Estimate in this regard is an indicative estimate only, based on generic replacement costs provided by industry sources. Furthermore, our Insurance Replacement Cost Estimate is recommended to be confirmed by an elemental cost analysis conducted in accordance with ANZVTIP 4 of the Australia and New Zealand Valuation and Property Standards – Valuations for Insurance Purposes or verified by a suitably qualified quantity surveyor and / or building expert.



15.2 Reasonable Selling Period

There is no evidence to indicate that COVID-19 would impact the likely selling period of the subject property given current sentiment is strong. Accordingly, we would therefore not expect a selling period longer than 4 months.

We are unable to predict future market conditions and you should not assume this assessment of selling period would remain unchanged should market conditions alter.

15.3 Sales History

Our research indicates the property last transacted on 23 December 2020 for \$5,220,000. We are aware that at the time of sale, the passing net rent was \$339,300 reflecting a yield of 6.50% with a WALE of 20.00 years by income.

Since this date, market conditions for the child care sector have improved significantly. Notably, the average national yield of the CY20 period was 6.13%, while the average yield for the YTD period is 5.41% showcasing compression of 72bps. The strong market sentiment is fuelled by investors seeking alternative assets classes that are needs based and underpinned by long lease terms to national covenants.

Accordingly, we consider our assessed market value of \$5,800,000 to be reflective of current market conditions given the improvement in market sentiment and current interest rates environment.

16 Valuation

We assign the following Market Value and Fair Value to the subject property as at 15 November 2021 and subject to the comments, terms, conditions and assumptions contained within and annexed to our report, in fee simple and assuming the property is free of encumbrances, restrictions or other impediments of an onerous nature which would affect value:

Freehold Interest Subject to an Existing Lease

\$5,800,000 – GST Exclusive

(FIVE MILLION AND EIGHT HUNDRED THOUSAND DOLLARS)

In accordance with our normal practice, we confirm that this report is confidential and provided by CIVAS (NSW) Pty Limited and not by any other company in the Colliers Group. The valuation has been prepared for the parties and purposes as detailed earlier in this report and should not be relied upon for any other purpose or by any other person. Any reliance on this report by the nominated party must be based on the actual possession or sighting by them of an original signed document.

CIVAS (NSW) Pty Limited



Emily Quick, AAPI, MRICS
Senior Valuer | Specialisations
Certified Practising Valuer
WA Licence No. 45060
17 November 2021 (Date of Signing Report)

Direct: + 61 2 9257 0371
Email: emily.quick@colliers.com



Dylan Adams, AAPI, MRICS
Director | Specialisations
Certified Practising Valuer
WA Licence No. 45089
17 November 2021 (Date of Signing Report)

Direct: + 61 2 9770 3117
Email: dylan.adams@colliers.com

Report Verification: Dylan Adams – Director | Specialisations

QA ID: 873514

This valuation and the associated report have undergone verification in accordance with the Colliers Quality Management System (QMS). This QMS has been independently and externally audited and certified in accordance with ISO9001:2015, which confirms the quality of the verification and Quality Assurance process.

colliers
assure ✓

17 Report Qualifications

- » CIVAS (NSW) Pty Limited accepts no responsibility for any statements in this report other than for the stated purpose. This report is issued on the basis that the statements expressed in this report are those of CIVAS only. No liability attaches to the companies in the Colliers Group other than CIVAS (NSW) Pty Limited in relation to any statements contained in this valuation report.
- » No responsibility is accepted for liability to any third party in respect of the opinions expressed in this valuation. Neither the whole of this report, or any part or reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.
- » In accordance with the Australian Property Institute Valuers Limited (APIV), this valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). Liability for losses arising from such subsequent changes in value is excluded as is liability where the valuations is relied upon more than 90 days after the date of valuation.
- » Unless stated elsewhere in this report, we have assumed that the property complies with the appropriate statutory, building and fire safety regulations and we have also assumed that there is no timber infestation, asbestos or other defect and have made no investigations for them, not have we undertaken a structural survey or tested the building services.
- » Real property is classified as a dynamic form of investment. The value of the asset is highly dependent on its net cash flow position and prevailing market conditions. On this basis therefore, we would recommend that this valuation be updated at regular intervals.



Appendix A
Current Title Particulars

WESTERN



AUSTRALIA

REGISTER NUMBER	
7384/DP415993	
DUPLICATE EDITION	DATE DUPLICATE ISSUED
2	9/6/2020

RECORD OF CERTIFICATE OF TITLE
UNDER THE TRANSFER OF LAND ACT 1893

VOLUME
2968

FOLIO
189

The person described in the first schedule is the registered proprietor of an estate in fee simple in the land described below subject to the reservations, conditions and depth limit contained in the original grant (if a grant issued) and to the limitations, interests, encumbrances and notifications shown in the second schedule.

BGRoberts
REGISTRAR OF TITLES



LAND DESCRIPTION:

LOT 7384 ON DEPOSITED PLAN 415993

REGISTERED PROPRIETOR:
(FIRST SCHEDULE)

PERPETUAL CORPORATE TRUST LIMITED OF LEVEL 1 307 MURRAY STREET PERTH WA 6000
(T O648466) REGISTERED 19/2/2021

LIMITATIONS, INTERESTS, ENCUMBRANCES AND NOTIFICATIONS:
(SECOND SCHEDULE)

1. COVENANT BURDEN CREATED UNDER SECTION 150 P&D ACT TO CITY OF SWAN - SEE DEPOSITED PLAN 415993
2. *O648465 LEASE TO THINK ELLENBROOK 6069 PTY LTD OF SUITE 3, 1 PARK AVENUE, DRUMMOYNE NSW 2047 EXPIRES: SEE LEASE. REGISTERED 19/2/2021.
3. *O648467 MORTGAGE TO COMMONWEALTH BANK OF AUSTRALIA REGISTERED 19/2/2021.

Warning: A current search of the sketch of the land should be obtained where detail of position, dimensions or area of the lot is required.
* Any entries preceded by an asterisk may not appear on the current edition of the duplicate certificate of title.
Lot as described in the land description may be a lot or location.

-----END OF CERTIFICATE OF TITLE-----

STATEMENTS:

The statements set out below are not intended to be nor should they be relied on as substitutes for inspection of the land and the relevant documents or for local government, legal, surveying or other professional advice.

SKETCH OF LAND: DP415993
PREVIOUS TITLE: 2967-403
PROPERTY STREET ADDRESS: 26 WESTBROOK PDE, ELLENBROOK.
LOCAL GOVERNMENT AUTHORITY: CITY OF SWAN

NOTE 1: DUPLICATE CERTIFICATE OF TITLE NOT ISSUED AS REQUESTED BY DEALING O475001



Appendix B
Lease Document

[ABL Note: Landgate lease cover pages to be included]

Compiled version [Execution version]

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1. REFERENCE DATA, DEFINITIONS, INTERPRETATION

1.1. Reference Data

Item 1	Lessor:	Ellenbrook CCD 1 Pty Ltd ACN 636 484 789
Item 2	Address for notices on Lessor:	"Building 1 South", Level 3, 75 O'Riordan Street, Alexandria NSW 2015
Item 3	Responsible Entity:	Not applicable
Item 4	Address for notices on Responsible Entity:	Not applicable
Item 5	Lessee:	Think Ellenbrook 6069 Pty Ltd ACN 645 584 809
Item 6	Address for notices on Lessee:	Suite 3, 1 Park Avenue, Drummoyne NSW 2047 Email: notices@thinkchildcare.com.au
Item 7	Address of the Premises:	Street Address: Lot 7384 Drumpellier Drive, Ellenbrook WA 6069 Real Property Description Certificate of Title Volume 2968 Folio 189
Item 8	Rent:	\$339,300 per annum (\$28,275 per month) excluding GST, subject to revision as provided in this Lease.
Item 9	Rent Reviews:	(a) Original Lease Term: (i) Lease Year 1: Rent (as above) (ii) Lease Years 2-10, 12-20: CPI and Fixed Percentage Review Date (iii) Lease Year 11: Interim Market Review Date (b) First Further Term: (i) Lease Year 1: Market Review Date (ii) Lease Years 2-10: CPI and Fixed Percentage Review Date (c) Second Further Term: (i) Lease Year 1: Market Review Date (ii) Lease Years 2-10: CPI and Fixed Percentage Review Date
Item 10	Review Information:	(a) CPI Review: Not applicable (i) Minimum Increase: N/A (ii) Additional Percentage Increase: N/A (b) Fixed Percentage Increase: (i) Original Lease Term Lease Years 2-10, 12-20: 3%

		<p>(ii) First Further Term Lease Years 2-10: 3%</p> <p>(iii) Second Further Term Lease Years 2-10: 3%</p> <p>(c) Market Review Maximum Percentage Decrease: 10%</p> <p>(d) Market Review Maximum Percentage Increase: 10%</p>
Item 11	Agreed Proportion of Outgoings payable by Lessee:	100%
Item 12	Permitted use of Premises:	As an approved education, early learning and child care service for long day child care and outside school hours care
Item 13	Lease Term:	20 years
Item 14	Date of Commencement:	[insert]
Item 15	Date of Expiry:	[insert]
Item 16	Option to Renew for Further Term:	<p>(a) Period of First Further Term: 10 years</p> <p>(b) Period of Second Further Term: 10 years</p> <p>(c) Total Period of the original Lease Term and all Further Term(s): 40 years</p>
Item 17	Further Term Exercise Period	<p>(a) First Further Term: Not more than 2 years nor less than 18 months before the date of expiry of the Lease Term</p> <p>(b) Second Further Term Not more than 2 years nor less than 18 months before the date of expiry of the First Further Term</p>
Item 18	Guarantor:	Think Childcare Development Limited ACN 635 178 166
Item 19	Address for notices on the Guarantor:	Suite 3, 1 Park Avenue, Drummoyne NSW 2047 Email: notices@thinkchildcare.com.au
Item 20	Bank Guarantee Amount:	An amount equal to 6 months' Rent and Outgoings Contribution payable under this Lease, from time to time, plus GST on such amounts.
Item 21	Special Conditions:	See Schedule B

1.2. Definitions

In this Lease, unless otherwise provided, the expressions following (either with or without capital letters) have the meanings respectively assigned to them:

Act means the *Education and Care Services National Law Act 2010* and all state legislation and regulations enacted pursuant to that Act including in the Home State.

Agreed Proportion means the percentage set out in Item 11 of the Reference Data.

Air Conditioning Equipment means all plant, machinery and equipment for heating, cooling and otherwise circulating air and associated controls and piping and ducting that may from time to time be in or appurtenant to the Building including, but not limited to, air-conditioning units, ceiling fans and reverse cycle units.

Alterations means any alterations, additions or improvements that are made to the Land or the Building after the Date of Commencement whether by or at the direction of the Lessor or the Lessee.

Approved Provider means someone who holds a Provider Approval under the Act.

Appurtenances means all drains and pipes (whether above or below ground), basins, sinks, toilets, and other waste outlets in the Building, in the Premises, in any easement benefitting the Premises or any of them.

Bank Guarantee means an unconditional undertaking issued in favour of the Lessor, on terms and conditions acceptable to the Lessor, for the amount from time to time specified in Item 20 of the Reference Data and issued by a trading bank, which bank must hold a current banking licence.

Building means all buildings and other structures (whether present or future) erected on the Land.

Business Day means any day other than a Saturday, Sunday or public holiday in the capital city of the Home State.

CPI means the Consumer Price Index – (All Groups) Weighted Average Eight Capital Cities, as published by the Australian Bureau of Statistics or the index officially substituted for it.

CPI and Fixed Percentage Review Date means the date of commencement of each Lease Year, including a Lease Year in any Further Term, which is specified as a CPI and Fixed Percentage Review Date in Item 9 of the Reference Data (if any).

Date of Commencement means the date specified in Item 14 of the Reference Data as the date of commencement of this Lease.

Essential Safety Measure means any Fire Equipment, other fixtures, fittings or equipment, signage, chattels, systems or thing of any kind required to be constructed upon or installed in or on the Premises under any laws regulating fire safety or occupational health and safety requirements which apply to the Premises.

Essential Safety Measures Law means any statute, regulation, code or by-law regulating fire safety or occupational health and safety requirements which apply to the Premises.

Fire Equipment means all stop-cocks, hydrants, fire hoses, fire alarms and other fire prevention, detection and extinguishing equipment that may from time to time be at the Premises.

Fixed Percentage Increase means the percentage specified in Item 10 of the Reference Data.

Fixtures and Fittings means all present or future partitions, fixtures, fittings, external ground coverings (e.g. astro-turf), playground fittings and fixtures, shade sails, plant, Fire Equipment, Air Conditioning Equipment, lifts (if any), Essential Safety Measures, Appurtenances, window coverings and blinds, kitchen, bathroom and laundry fittings including, without limitation, hot water systems, ovens, dishwashers, hand dryers or alarm systems and anything attached to or affixed to any part of the Premises, whether or not purchased, paid for or installed by or on behalf of the Lessee, the Lessor or any other person.

Further Term means the term of any renewal or extension of the Lease Term.

Further Term Exercise Period means the further term exercise period specified in Item 17 of the Reference Data as applicable.

Guarantor means the party or parties (if any) named as guarantor in Item 18 of the Reference Data and in any guarantee (whether present or future) in favour of the Lessor in respect of the performance of the Lessee under this Lease and each executor, administrator and successor of that party.

Home State means the state or territory of Australia in which the Premises is situated.

Interim Market Review Date means the lease year, which is specified as an Interim Market Review Date in Item 9 of the Reference Data (if any).

Land means the land described in Item 7 of the Reference Data and on the front page of this Lease.

Lease means and includes this document together with this schedule and all consents, enlarged panels, schedules, guarantees, appendices, annexures and sketch plans that may be attached to this document and all approved deeds and agreements that may be expressed to be supplemental to this document and all approved amendments to any such document.

Lease Term means the term of this Lease commencing on the Date of Commencement and continuing for the duration set out in Item 13 of the Reference Data.

Lease Year means each separate year of the Lease Term, the first of such Lease Years commencing on the Date of Commencement and each subsequent Lease Year commencing on the corresponding day of each succeeding year; the expression includes any broken period between the end of the last complete Lease Year and the date of expiration or earlier determination of the Lease Term.

Lessee means the party named as lessee in Item 5 of the Reference Data and each executor, administrator, successor and permitted assign of that party and, unless inconsistent with the subject matter or context, includes the Lessee's Agents.

Lessee's Agents means each employee, agent, contractor, consultant, customer, workman, invitee, client, visitor, subtenant, licensee, and any other person who may at any time be in or upon the Premises under the control, direction or invitation of the Lessee.

Lessor means the party named as lessor in Item 1 of the Reference Data and each executor, administrator, successor and assign of that party and, unless inconsistent with the subject matter or context, includes any other person from time to time authorised by the Lessor.

Listed Corporation means a corporation in which its voting shares are listed on any Australian Stock Exchange and a foreign corporation in which its securities are quoted for trading on a stock exchange or other market for public trading in securities or any of the same and any subsidiary of that corporation.

Market Review Date means the date of commencement of each Lease Year, including a Lease Year in any Further Term, which is specified as a Market Review Date in Item 9 of the Reference Data (if any).

Outgoings has the meaning set out in clause 4.

Outgoings Contribution has the meaning set out in clause 4.2.

Permitted Use means the use of the Premises for the purpose specified in Item 12 of the Reference Data.

Premises means:

- (a) the whole of the Land and the Building (including any Alterations); and
- (b) the Fixtures and Fittings.

Provider Approval means a provider approval granted under Part 2 of the Act to authorise:

- (a) the Lessee; or
- (b) a Related Body Corporate of the Lessee; or
- (c) while the Lessee is Think Ellenbrook 6069 Pty Limited ACN 645 584 809, Listco or a Listco Nominee, then Think Childcare Services Pty Ltd ABN 14 160 028 277, Listco or a Related Body Corporate of Listco,

to operate an approved educational and care service at the Premises.

Redecorate means:

- (a) the washing down of the whole of the interior and exterior of the Building, including all walls, floors, alterations, additions and partitioning that may be in the Building;
- (b) the washing down of all paths, driveways, car parking areas, fences, playground equipment, shade sails and external fixtures and fittings;
- (c) the treatment as previously treated of all internal and external surfaces of the Building, paths, driveways, fences, car parking areas, playground equipment, shade sails and external fixtures and fittings, by painting, staining, polishing or otherwise to a specification reasonably approved by the Lessor; and
- (d) if required by the Regulatory to permit the Approved Provider to continue operating a childcare service from the Premises, the replacing of all window, wall and floor coverings in the Building and the replacing of all playground equipment and external ground coverings, as reasonably required by the Lessor.

Reference Data means the data set out in clause 1.1 of this Lease.

Regulatory Authority means the regulatory authority responsible for granting and administering Service Approvals and Provider Approvals under the Act in the Home State or Commonwealth from time to time.

Related Body Corporate has the same meaning as in the *Corporations Act 2001 (Cth)*.

Relevant Authority means a body, corporation, a local government, a statutory or non-statutory authority or a body having authority or jurisdiction over the Premises or to whose systems the Premises are or will be connected, whether federal, state, territorial or local.

Rent means the yearly amount specified in Item 8 of the Reference Data as varied under this Lease.

Review Date means each CPI and Fixed Percentage Review Date specified in Item 9 of the Reference Data and each Market Review Date specified in Item 9 of the Reference Data.

RL Act means the *Commercial Tenancy (Retail Shops) Agreements Act 1985* (WA).

Services means all services and utilities to or of the Premises (including water, electricity and gas) excluding Fixtures and Fittings.

Service Approval means a service approval for education and care services for children granted under Part 3 of the Act.

Special Conditions means the special conditions in Schedule B of this Lease.

Standard Conditions means the terms and conditions of this Lease.

Stipulated Rate means the higher of:

- (a) 12% per annum; and
- (b) the rate per cent per annum equal to 4% above the rate fixed under Section 2 of the *Penalty Interests Rates Act 1983* (Vic).

1.3. Interpretation

- 1.3.1 The provisions of this clause apply unless otherwise provided or unless there is something inconsistent in the subject matter or context.
- 1.3.2 Each covenant (whether positive or negative, expressed or implied) in this Lease by 2 or more persons will be regarded as made jointly by all and severally by each.
- 1.3.3 References to any authority, association or other body whether statutory or otherwise will be deemed to refer respectively to the authority, association or other body (as the case may be) that may, in the opinion of the Lessor, be or become established or constituted in lieu of or in succession to it.
- 1.3.4 References to any statute includes any applicable state, federal or other statute and any enactment amending, consolidating or replacing the statute and includes any regulation, proclamation, ordinance, by-law, rule, notice, order or other requirement given or made under or pursuant to the statute whether present or future.
- 1.3.5 References to any right of the Lessor to enter or otherwise have access to the Premises extend to any person authorised by the Lessor, including each employee, agent, contractor, professional adviser and worker and all necessary plant, machinery, material and equipment.
- 1.3.6 References to a thing includes the whole and any one or more parts of the thing, and references to any party includes any one or more or all of the persons comprising that party.
- 1.3.7 References to a covenant include a term, an agreement, an acknowledgment, an obligation and a condition, whether positive or negative, expressed or implied, and whether running with the Land or not.
- 1.3.8 References to writing or words of a similar effect include printing, typing, electronic mail and facsimile and all other means of reproducing words in a visible form.
- 1.3.9 References to month means calendar month.
- 1.3.10 References to any consent, approval or authority of the Lessor or words of a similar effect mean a consent, approval or authority (as the case may be) in writing signed by or on behalf of the

Lessor. If anything under this Lease is dependent upon the consent or approval of the Lessor, it also requires the consent or approval of any mortgagee and superior landlord of the Lessor where consent or approval is required. In the case of the Lessor, any such consent or approval must not be unreasonably withheld, but may be granted subject to reasonable conditions unless otherwise provided in this Lease.

- 1.3.11 References to the mortgagee of the Lessor include any mortgagee, chargee, encumbrancee or financier of the Lessor from time to time.
- 1.3.12 Each covenant by the Lessee and the Guarantor or any of them not to do any act or thing includes an obligation not to permit the act or thing to be done and to use its best endeavours to prevent the act or thing being done by the Lessee's Agents or by a third party.
- 1.3.13 Each covenant by the Lessee to pay or to be liable for any costs or other expenses includes all reasonable costs, charges, payments and other expenditure of any nature whatever paid by the Lessor (or for the payment of which the Lessor may be or become liable) and all reasonable legal costs (on a Supreme Court scale basis) and expenses of the Lessor in respect of the relevant covenant.
- 1.3.14 Words denoting a particular gender include each other gender, words denoting the singular number only include the plural number and vice versa, and words denoting an individual include a corporation and vice versa.
- 1.3.15 Each covenant (whether positive or negative, expressed or implied) will be construed as a separate and independent covenant continuing throughout the Lease Term and during any Further Term, period of renewal, extension or holding over and otherwise for so long as the covenant remains to be performed, whether or not this Lease has otherwise been terminated.
- 1.3.16 The headings to Parts and clauses in this Lease are to be ignored, save for headings in the Reference Data.
- 1.3.17 This Lease is executed and delivered by each party as a deed.
- 1.3.18 The date of this Lease is the date of execution by the party who executes it last.
- 1.3.19 Each person signing this Lease as an attorney, authorised officer or agent for any party warrants to all other parties that as at the date of execution, the person signing has been duly constituted by and fully empowered to bind the principal for the purpose and has not received any notice of revocation of the relevant power.
- 1.3.20 Where the day or last day for doing anything or on which an entitlement is due to arise is not a Business Day, the day or last day for doing the thing or date on which the entitlement arises will be the next following Business Day. Otherwise, time is of the essence of all rights and obligations of the Lessee under this Lease.
- 1.3.21 Any covenants and powers implied by statute are excluded from this Lease, unless a covenant or power cannot lawfully be excluded because of the statute, or the covenant or power is expressly incorporated into this Lease.

1.4. Lessee's warranties

The Lessee represents and warrants that:

- 1.4.1 if the Lessee is a company, it has been incorporated as a company limited by shares in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted; and
- 1.4.2 it has power to enter into this Lease and comply with its obligations under this Lease; and
- 1.4.3 this Lease and the covenants under it do not contravene its constituent documents (if any) or any law or obligation by which it is bound or cause a limitation on its powers or, if a company, the powers of its directors to be exceeded; and
- 1.4.4 it has in full force and effect the authorisations necessary for it to enter into this Lease, to comply with its obligations and exercise its rights under this Lease and to allow the covenants under this Lease to be enforced; and
- 1.4.5 its obligations under this Lease are valid and binding and are enforceable against it in accordance with this Lease's terms.

2. TERM

2.1. Lease Term

The Lessor leases the Premises to the Lessee and the Lessee takes the Premises for the Lease Term on the terms and conditions contained in this Lease.

2.2. Option(s) to renew for Further Term(s)

2.2.1 First Further Term

If:

2.2.1.1 the Lessee, during the Further Term Exercise Period, gives written notice to the Lessor of the Lessee's desire to renew this Lease for the First Further Term specified in the Reference Data from the date of expiration by effluxion of time of the Lease Term; and

2.2.1.2 there is no subsisting breach of any lease covenants by the Lessee at the time of the Lessee's notice to renew, about which the Lessor has given the Lessee a written notice, or if there is a subsisting breach that the Lessee has not complied with of which the Lessor has not given the Lessee reasonable prior notice of and a reasonable opportunity for the Lessee to rectify the breach;

then the Lessor must grant and the Lessee must take a further lease of the Premises for the First Further Term and the Rent for the first and each subsequent Lease Year of the First Further Term will be determined in accordance with this Lease but otherwise upon the same terms and conditions as are contained in this Lease, with consequential changes to the Reference Data and the titles office forms, except that this clause 2.2.1 will be deleted.

2.2.2 Second Further Term

If:

2.2.2.1 the Lessee, during the Further Term Exercise Period, gives written notice to the Lessor of the Lessee's desire to renew this Lease for the Second Further

Term specified in the Reference Data from the date of expiration by effluxion of time of the First Further Term; and

2.2.2.2 there is no subsisting breach of any lease covenants by the Lessee at the time of giving the Lessee's notice to renew, about which the Lessor has given the Lessee a written notice;

2.2.2.3

then the Lessor must grant and the Lessee must take a further lease of the Premises for the Second Further Term and the Rent for the 1st and each subsequent Lease Year of the Second Further Term will be determined in accordance with this Lease but otherwise upon the same terms and conditions as are contained in this Lease, with consequential changes to the Reference Data, except that this clause 2.2.2 will be deleted.

2.2.3 Execution of Further Lease Documents

All further lease documents for any Further Term (including any declarations, notices and other documents that may be reasonably required by the Lessor) must:

2.2.3.1 be prepared by the Lessor at the reasonable cost of the Lessee (and submitted to the Lessee for execution); and

2.2.3.2 be executed and returned by the Lessee within 14 days after the date of submission of the further lease documents to the Lessee or its solicitors for execution; and

2.2.3.3 (if required by either party or at law) be registered by the Lessor at the reasonable cost of the Lessee.

2.2.4 Lessor's Covenant on Sale

If this Lease is not registered and the Lessor sells or otherwise disposes of the reversion of this Lease prior to the last day for exercising any Further Term, the Lessor will at its cost procure from the purchaser or donee a covenant for the benefit of the Lessee that the purchaser or donee must observe and be bound by the provisions of this Lease and any options contained in this clause. The obligation of the Lessor to obtain that covenant ceases upon registration of this Lease.

2.2.5 Further Guarantee by the Guarantor

If the performance of the Lessee under this Lease is guaranteed by any Guarantor, the Lessee must (if required by the Lessor) contemporaneously with execution by the Lessee of the further lease documents for any Further Term at its reasonable cost procure the Guarantor (or alternate guarantor approved by the Lessor) to execute and deliver (and the Guarantor covenants to properly execute and deliver) to the Lessor a further joint and several guarantee and indemnity in favour of the Lessor in respect of the performance of the Lessee under the further lease documents, containing the same terms and conditions as the guarantee given by the Guarantor under this Lease, together with any modifications which the Lessor may reasonably require because of the changed circumstances.

2.3. Holding Over

- 2.3.1 If the Lessee, with the consent of the Lessor, remains in occupation of the Premises after the date of expiration of the Lease Term (other than pursuant to the grant of any further lease), then the Lessee will be a monthly tenant of the Premises from the Lessor on the terms of this Lease so far as they are applicable to a monthly tenancy.
- 2.3.2 The monthly tenancy may, without prejudice to any antecedent rights or remedies of any party, be terminated by the Lessor or the Lessee on not less than 3 month's written notice to the other which notice may be given at any time and (despite any statute to the contrary) will expire at the end of the notice period. If the Lessee is in default in respect of the monthly tenancy, then the monthly tenancy may be terminated by the Lessor on not less than 14 days written notice to the Lessee, subject to any prior notice that may be required by law.
- 2.3.3 The Rent payable by the Lessee under the monthly tenancy:
- 2.3.3.1 will be the amount of Rent payable monthly under this Lease immediately before the date of expiration or termination of this Lease increased by 4%; and
 - 2.3.3.2 will be payable monthly in advance at the times and in the manner referred to in this Lease; and
 - 2.3.3.3 will be increased by 4% on each anniversary of the Date of Commencement.
- 2.3.4 Any provision in this Lease relating to a mechanism for the calculation of or any limitation on or right of review of any Rent will not apply in respect of any monthly tenancy under this clause 2.3.

3. RENT

3.1. Payment of Rent and other moneys

- 3.1.1 The Lessee must pay to the Lessor upon receipt of a tax invoice from the Lessor the Rent specified in the Reference Data throughout the Lease Term (varied each year in accordance with this Lease) on and from the Date of Commencement.
- 3.1.2 The Lessee must pay all Rent by equal monthly instalments (and proportionately for any part of a month) in advance on the 1st day of each month during the Lease Term.
- 3.1.3 The first instalment of Rent must be paid on or before the Date of Commencement. The amount payable for any portion of a month will be calculated by multiplying the number of days in that portion by the Rent for the Lease Year of which it forms part and dividing the result by 365.
- 3.1.4 All payments of Rent and other moneys to be received by the Lessor under this Lease must be made by electronic funds transfer or at the place and in the manner as agreed between the parties from time to time without any deduction or set-off whatsoever at the times and in the manner prescribed in this Lease, or if not so prescribed, must be paid by the Lessee to the Lessor on demand.
- 3.1.5 The Lessor may appropriate any moneys towards any Rent or other moneys payable under this Lease in the manner as the Lessor may in its sole discretion see fit, despite any purported appropriation or condition of payment by the person making the payment.

3.2. CPI and Fixed Percentage Rent Reviews

At each CPI and Fixed Percentage Review Date, the Rent must be reviewed and the Rent payable on and from the relevant CPI and Fixed Percentage Review Date shall be the Rent payable immediately prior to the relevant CPI and Fixed Percentage Review Date (such Rent being determined as if no abatement or reduction that might otherwise be applicable were in effect) increased by the greater of:

3.2.1 the Fixed Percentage Increase; and

3.2.2 CPI plus 1% calculated in accordance with the following formula:

$$AR = R \times \frac{CPIB}{CPIA} + (1\% \text{ of } R)$$

Where:

AR means the adjusted Rent payable from the relevant CPI and Fixed Percentage Review Date;

R means the Rent payable by the Tenant for the rental year immediately prior to the relevant CPI and Fixed Percentage Review Date;

CPIB means the CPI determined for the quarter ending immediately prior to the relevant CPI and Fixed Percentage Review Date; and

CPIA means the CPI determined for the quarter ending immediately prior to commencement of the last Review Date (or, where there is no earlier Review Date, the quarter ending immediately before the Date of Commencement),

provided that the sum of the above formula must not exceed the sum that is 103.5% of R (the Rent payable by the Tenant for the rental year immediately prior to the relevant CPI and Fixed Percentage Review Date).

3.3. Market Rent Reviews

The Rent will be reviewed on each Market Review Date (if any) in the manner set out in Schedule A.

4. OPERATING EXPENSES

4.1. Outgoings Definitions

In this Lease, in addition to any other defined terms:

Accounting Period means any period not exceeding 12 months from time to time selected by the Lessor for the purpose of calculating the Outgoings.

Outgoings means all amounts paid by the Lessor (or for the payment of which the Lessor may be or become liable) in any Accounting Period in respect of the ownership, insurance, operation, repair, maintenance and management of the Premises, including:

- 4.1.1 all rates, taxes (including land tax, calculated on the basis that the Land is the only land of the Lessor liable to tax but excluding income tax and capital gains tax) and other assessments payable to any Relevant Authority or service provider relating to the Premises, any use or occupation of the Premises, any services (including fire protection services) from time to time provided by any Relevant Authority or service provider, for waste and general rubbish removal from the Premises including any excess charges, and for the provision, reticulation and discharge of any water, sewerage or drainage services, including all excess water charges and meter rents;

- 4.1.2 all premiums and charges for any reasonable insurance policies taken out by the Lessor relating to the Premises or this Lease from time to time, including, without limitation:
- 4.1.2.1 damage to and destruction of the Premises or any part, including replacement and reinstatement of the Building;
 - 4.1.2.2 removal of debris;
 - 4.1.2.3 public risk;
 - 4.1.2.4 flood;
 - 4.1.2.5 loss of Rent and Outgoings for a period of 12 months;
- 4.1.3 any repair, maintenance, servicing, replacement or other works and all other running costs and expenses of any plant or other equipment in the Premises, including all fees and premiums payable to any specialist contractors or other consultants excluding any works which must be performed by the Lessor (at its own cost) under this Lease;
- 4.1.4 any repair, maintenance or other works of or to or for the benefit of the Premises or any easement benefitting the Premises, including:
- 4.1.4.1 any operation, supply, repair, maintenance and renewal of any Appurtenances or services that may from time to time be provided to or for the benefit of the Premises by the Lessor or any third party; and
 - 4.1.4.2 expenditure for repair and maintenance items as determined by the Lessor's accountants in accordance with accounting principles generally accepted in the Home State,
- excluding any works which must be performed by the Lessor (at its own cost) under this Lease;
- 4.1.5 providing any other services (including the costs and expenses of any electricity or other sources of energy consumed) in the Premises that are not paid directly by the Lessee;
- 4.1.6 including all fees payable by the Lessor to any agent or contractor for any general management or other operation of the Premises or the Lease and the collection of any Rent or other moneys, no matter how disbursed provided that the aggregate of such amounts do not exceed 3% of the annual Rent;
- 4.1.7 all reasonable expenses incurred by the Lessor in receiving and ensuring compliance by the Lessee, the Lessor or any other party with any notices from a Relevant Authority relating to the Premises, any easement benefitting the Premises or any services provided to the Premises;
- 4.1.8 any and all other costs and expenses whatever properly and reasonably incurred by the Lessor in respect of the Lease, the Premises, any footpath or road adjoining the Premises or any easement that exclusively benefits the Premises.
- 4.1.9 but not including:
- 4.1.9.1 the amount of any credit or refund of GST to which the Lessor is entitled as a result of incurring Outgoings,

- 4.1.9.2 amounts or costs of a capital nature, or amounts or costs relating to structural repairs, provided that these amounts are not incurred due to the negligent or wilful act or omission of the Lessee and provided further that these amounts are not incurred as a result of the Lessee's failure to observe or perform any provision contained in or implied by this Lease;
- 4.1.9.3 amounts or costs in relation to any Services or any works to Services or plant and equipment below the Land;
- 4.1.9.4 the Landlord's personal taxes; or
- 4.1.9.5 amounts that are not recoverable by law.

The Outgoings will be calculated on an accrual and pre-payment basis and all amounts referred to in this definition will be deemed to have been paid at the time when the obligation to pay them arose despite any actual date of payment. Any amount that is assessed at intervals or for periods outside the relevant Accounting Period will be apportioned on a daily basis. Any statement by the Lessor or its agent as to the amount of the Outgoings will be prima facie evidence of the amount. If any costs and expenses relate to the Premises and other land not within the Premises, the Lessor may at any time apportion and allocate to the Premises and include within the Outgoings that part of the costs and expenses which, in the sole opinion of the Lessor, relate to the Premises alone.

The Outgoings exclude amounts payable by the Lessee under another covenant in this Lease.

4.2. Payment of Outgoings

- 4.2.1 The Lessee must pay to the Lessor throughout the Lease Term in addition to the Rent the Agreed Proportion of the Outgoings for the relevant Accounting Period (Outgoings Contribution), without any deduction or set off.
- 4.2.2 The Lessor, in addition to its right at any time to require immediate reimbursement of the Outgoings Contribution must at least 1 month before the commencement of the relevant Accounting Period, give to the Lessee an estimated statement of the Outgoings for that Accounting Period (Annual Estimate). The Lessee must pay instalments of the Outgoings Contribution by equal monthly instalments in advance at the same times and in the same manner as payment of instalments of Rent in accordance with the Annual Estimate.
- 4.2.3 Within 3 months after expiration of the Accounting Period to which the Annual Estimate relates, the Lessor must deliver to the Lessee a fully itemised statement of the total of the Outgoings actually incurred by the Lessor during the relevant Accounting Period (Outgoings Statement). The Outgoings Statement will, except in the case of error on its face, be final and binding on the parties to this Lease.
- 4.2.4 Within the earlier of 1 month after delivery by the Lessor to the Lessee of the Outgoings Statement or 4 months of the end of the relevant Accounting Period an adjustment will (if necessary) be made between the Lessor and the Lessee with payment to or crediting by the Lessor as the case may require of any deficiency or excess of the Outgoings Contribution for the relevant Accounting Period.
- 4.2.5 The Lessor may at any time and from time to time adjust the Annual Estimate with prior written notice to the Lessee. The first instalment of the Outgoings Contribution (as adjusted) must be paid by the Lessee to the Lessor on the 1st day of the month next following the date of service on the Lessee of a notice in writing from the Lessor adjusting the Annual Estimate.

4.3. Electricity, gas, water and other charges

4.3.1 The Lessee must pay:

4.3.1.1 all charges for electricity, gas, water, telephones and other utilities (Consumables) consumed on or supplied to the Premises from time to time during the Lease Term, and (where relevant) the cost of installation of meters and all meter rental (if any) in respect of measuring the Consumables; and

4.3.1.2 unless they are already payable as an Outgoings Contribution, all taxes, charges and other assessments that may at any time during the Lease Term be assessed directly in respect of this Lease or any payment, supply or other transaction under this Lease or directly in respect of the Premises or any use or occupation of the Premises, and whether assessed by or against the Lessor or directly against the Lessee.

4.3.2 If any assessment is made directly against the Lessee, it must be paid by the Lessee to the relevant assessing authority not later than the due date for payment. If any assessment is made by or directly against the Lessor, it must be paid by the Lessee to the Lessor within 30 days of the Lessee being billed for it by the Lessor.

4.3.3 If the Lessee fails to make a payment required under this clause 4.3, the Lessor may, without prejudice to any other rights or remedies of the Lessor, and without further notice to the Lessee, discontinue supply of all or any of the Consumables for which the charge or other assessment has been made, without any liability on any account whatever to the Lessee provided that the Lessor has given the Lessee notice in writing of the failure to pay and allowing the Lessee fourteen (14) days to make that payment and the Lessee fails to make that payment specified within that period.

4.3.4 If any of the Consumables are or may be supplied at a tariff rate and are assessed by or against the Lessor, the Lessee will be assessed at and must pay the relevant tariff rate that would have been chargeable by the relevant assessing authority had the Consumables been supplied directly to the Lessee alone in the first place.

4.4. Apportionment of expenses - intentionally deleted

4.5. Goods and Services Tax

4.5.1 In this clause:

4.5.1.1 *GST* has the same definition as that term has in the *GST Legislation*;

4.5.1.2 *GST Legislation* means the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* and any associated Commonwealth legislation, regulations and publicly-available rulings;

4.5.1.3 *GST Liability* means the liability of the relevant party making a Taxable Supply (Supplier) to another party (Recipient) under or pursuant to this document to pay GST under the *GST Legislation* in respect of that Taxable Supply; and

4.5.1.4 other expressions not defined in this clause have the meanings as defined in the *GST Legislation*.

- 4.5.2 The Recipient must:
- 4.5.2.1 pay to the Supplier the amount of the Supplier's GST Liability (if any); and
 - 4.5.2.2 make that payment to the Supplier at the same time as the Recipient makes the payment for the relevant Taxable Supply.
- 4.5.3 The Supplier must deliver to the Recipient a tax invoice in a form which complies with the GST Legislation to enable the Recipient to claim any input tax credits that the Recipient may be entitled to claim in respect of the payment by the Recipient for the Taxable Supply. The tax invoice must be delivered not later than the due date for the payment referred to in clause 4.5.2.
- 4.5.4 Any amount to be reimbursed to a party (Reimbursed Party) under this document by another party (Reimbursing Party) which does not relate to a taxable supply made by the Reimbursed Party will be reduced by the amount of any input tax credits to which the Reimbursed Party is entitled in respect of the creditable acquisition for which reimbursement is being sought. The intention is that the Reimbursing Party only reimburses the Reimbursed Party for the net cost of the acquisition so as to avoid any element of price exploitation.
- 4.5.5 It is agreed that all amounts payable by the Recipient to the Supplier under this document are exclusive of GST, unless otherwise expressly stipulated.

5. USE OF THE PREMISES

5.1. Permitted Use and conduct of Business

The Lessee must:

- 5.1.1 use and occupy the whole of the Premises for the Permitted Use throughout the Lease Term in a responsible and reputable manner;
- 5.1.2 manage the business carried on in the Premises during the Lease Term diligently, efficiently and in a proper and businesslike manner;
- 5.1.3 not conduct any auction, fire, or liquidation sale or any other sale in connection with or arising from any closure, cessation or termination of any business or other demise of the Lessee;
- 5.1.4 keep the Premises free and clear of all rodents, termites, cockroaches, pests and other vermin;
- 5.1.5 not carry on in or about the Premises any annoying, noxious, offensive, or illegal business, occupation or practice nor cause or allow any loud noise nor operate any plant or equipment that through noise, odours, vibrations or otherwise is or may be or grow to the annoyance, nuisance, grievance, damage or disturbance of the Lessor or of the owners or occupiers of any premises in the vicinity of the Premises or any other person;
- 5.1.6 not remove from the Premises any of the Fixtures or Fittings other than for the sole purpose of repair or replacement;
- 5.1.7 not use any form of light, power or heat (nor, in particular, use any exposed flame) other than electricity or gas supplied through meters to the Premises however this clause will not apply to on site power equipment such as solar panels or battery storage units installed by the Lessee;
- 5.1.8 not use any chemical, burning fluids, oil, acetylene or alcohol in lighting the Premises or, save in the ordinary course of the business of the Lessee, for any business or other purpose; and

5.1.9 not use the Premises as a residence.

5.2. No warranty of suitability

5.2.1 The Lessor gives no representation or warranty (either present or future) and the Lessee has not relied on any representation or warranty as to the suitability or adequacy of the Premises for the Permitted Use or as to compliance with any environmental, town planning, occupation or other laws or regulations of any kind.

5.2.2 The Lessee must at its cost (and with the consent of the Lessor) obtain, maintain and comply with all consents, approvals and licences from and all other requirements of a Relevant Authority that may from time to time be necessary or appropriate for the Permitted Use and the conduct of the business of the Lessee in the Premises. The Lessee must not by any act or omission cause or permit any consent, approval or licence once given to lapse or be revoked.

5.2.3 The Lessor will not be prejudiced by or responsible to the Lessee for any act, omission, neglect, default or misconduct by any owner or occupier of any premises in the vicinity of the Premises or any other person.

5.3. Compliance with the law

5.3.1 Subject to clause 6.1.2, the Lessee must comply with and observe at its cost all requirements of any statute and of any Relevant Authority in relation to or affecting this Lease, the Premises, any driveway, fence or footpath relating to the Premises, any services to it and the Lessee's use and occupation of the Premises, including, without limitation, requirements which may arise as a result of the number or sex of any persons in the Premises, within the time required, whether or not the requirement is addressed to or required to be complied with by either or both of the Lessor and the Lessee or by any other person. If any requirement is notified to or served upon the Lessee, the Lessee must immediately provide a complete copy of it to the Lessor. The Lessee must, before complying with any requirement, obtain the consent of the Lessor to the requirement and otherwise observe the provisions of this Lease.

5.3.2 Subject to clause 6.1.2, the Lessor may, without prejudice to any other rights or remedies against the Lessee in respect of non-compliance, at any time and from time to time elect, at the reasonable cost of the Lessee, to comply with any Relevant Authority requirement referred to in this clause either in whole or in part, including where the Lessee fails to comply within the required time with any of its obligations. If the Lessor exercises its right under this clause, the Lessor may elect to have the balance of any Relevant Authority requirement complied with by the Lessee. For clarification purposes, the Lessor will provide the Lessee with written notice prior to exercising its right under this clause.

5.4. Compliance with easements and covenants

The Lessee must comply with and observe at its cost all terms of any registered easement benefitting or burdening the Land from time to time and any registered restrictive covenant benefitting or burdening the Land from time to time including, without limitation, maintenance, repair and replacement obligations in relation to these.

5.5. Overloading

The Lessee must:

5.5.1 not (without of the consent of the Lessor which must not be unreasonably withheld or delayed) install any fixtures, fittings, plant, equipment or other articles and chattels of any kind in or about the Building that overload or may overload the floors, walls or ceilings of the Building or cause or

be likely to cause any floors, walls or ceilings to be broken, strained or damaged in any manner whatever;

- 5.5.2 repair any damage caused to the Premises by movement or placing of any heavy article, material or machinery by the Lessee or the Lessee's employees;
- 5.5.3 only use machinery or equipment on the Premises for the movement or placement of any heavy article, material or machinery which has pneumatic or cushioned tyres; and
- 5.5.4 not install any electrical equipment in or about the Premises that overloads or may overload any cables, switchboards or sub-boards through which electricity is or may be conveyed to the Premises

5.6. Use of appurtenances - disposal of waste

The Lessee must:

- 5.6.1 not use the Appurtenances for any purpose other than a purpose for which the Appurtenances were designed;
- 5.6.2 not place in the Appurtenances any substance which the Appurtenances were not designed to receive or that might choke or otherwise affect or damage the Appurtenances;
- 5.6.3 keep the Appurtenances clean and free from obstruction; and
- 5.6.4 comply with all statutes or local authority by-laws relating to trade waste.

5.7. Essential Services

- 5.7.1 The parties confirm the Essential Safety Measures Law imposes certain obligations on the owner or occupier of a building to provide and maintain Essential Safety Measures as required for the Premises and the Lessee occupies the Premises to the exclusion of the Lessor under this Lease. It is acknowledged that the obligations imposed on the owner are therefore delegated to the Lessee during the Lease Term.
- 5.7.2 The Lessee must at the Lessee's reasonable cost:
 - 5.7.2.1 promptly and fully comply with all Essential Safety Measures or other safety obligations imposed on the owner or occupier (or both) of the Premises under the Essential Safety Measures Law, whether arising before or after the commencement of this Lease;
 - 5.7.2.2 on 31 July each year during the Lease Term provide an Essential Safety Measures report to the Lessor in the form and containing the information required by the Lessor;
 - 5.7.2.3 where required by the Essential Safety Measures Law, maintain the display of any determination, annual essential safety measures report and record of maintenance checks, service and repair work on the Premises;
 - 5.7.2.4 display the current occupancy certificate and any annual Essential Safety Measures report in a prominent position in the Premises;
 - 5.7.2.5 observe and comply with all Essential Safety Measures requirements that may be specified by the Lessor from time to time; and

- 5.7.2.6 where required under the Essential Safety Measures Law, submit an Essential Safety Measures report to the Relevant Authority.
- 5.7.3 The Lessor does not warrant or represent that the Premises comply with any Essential Safety Measures Law. The Lessor is not liable for any loss, injury or damages (including damages for any loss of profits) arising out of or in connection with compliance or non-compliance with the Essential Safety Measures Law.
- 5.7.4 The Lessee must also:
- 5.7.4.1 refrain from conduct which alters or compromises the proper working condition of all emergency exit doors, smoke detectors, emergency exit signs and other Essential Safety Measures;
 - 5.7.4.2 immediately advise the Lessor and confirm in writing any alteration, breakdown or theft of or damage to any Essential Safety Measure at the Premises;
 - 5.7.4.3 allow the Lessor to come on to the Premises at any time on the provision of reasonable notice (except in the case of an emergency when the requirement for notice will be waived) to inspect, maintain or repair (at the Lessee's cost) any Essential Safety Measure;
 - 5.7.4.4 advise the Lessor verbally of any proposed inspection by a municipal building surveyor or building inspector and provide the Lessor with a copy of any notice received; and
 - 5.7.4.5 pay any fines which are issued to the Lessor as a result of non-compliance with the terms of this clause 5.7 by the Lessee.
- 5.7.5 The Lessee acknowledges that any proposal for building works, alterations, additions or renovations at the Premises has the potential to invoke application of the Essential Safety Measures Law to the Premises. If the Lessor gives its approval for the Lessee to apply for a planning permit or building permit for building works, additions, alterations or renovations at the Premises under clause 6.5, then before proceeding with those works the Lessee must provide to the Lessor in writing:
- 5.7.5.1 an explanation of the extent of regulatory compliance required and whether those works will result in a change of the Building's classification under the Essential Safety Measures Law;
 - 5.7.5.2 advice as to whether the nominated building surveyor proposes to use performance based solutions under the Building Code of Australia and if so, their details and the estimated increase in building maintenance costs this will create; and
 - 5.7.5.3 on completion of the buildings works to provide to the Lessor a copy of any essential safety measures determination or occupancy permit issued by the relevant building inspector so that they can be included in the essential safety measures logbook for the Premises.
- 5.7.6 The Lessee must also pay for all Essential Safety Measures, inspections, reports and compliance costs which arise as a result of the Lessee's works under clause 6.5.

5.7.7 The Lessee:

5.7.7.1 must comply with the requirements of the occupational health and safety legislation and any related health and safety legislation and have in place an occupational health and safety policy and an occupational health and safety management system; and

5.7.7.2 agrees that it is deemed the occupier and controller of the Premises for the purposes of occupational health and safety legislation.

5.7.8 This Lease (including the Rent) has been negotiated on the basis that the Lessee is responsible for maintaining the Premises in good repair, including all Essential Safety Measures. In the event that by application of law the Lessee is not responsible for costs associated with Essential Safety Measures and for maintenance of Essential Safety Measures, the Rent shall be increased by the amounts that are unrecoverable as Outgoings or, in the discretion of the Lessor, there shall be a market review of the Rent to take account of any such cost impositions upon the Lessor.

5.8. Keep Premises secure

The Lessee must keep all gates and other entrances to the Premises and all doors, windows and other openings of the Building securely locked and fastened on all occasions when the Premises are left unoccupied. The Lessor may from time to time enter the Premises for the purpose of locking any doors, windows or other openings and for checking the general security of the Premises or for any of those purposes.

5.9. Tenancy keys

5.9.1 The Lessee must, on the expiration or earlier termination of the Lease Term, return to the Lessor all keys (including access card keys and other electronic security access devices) that may be supplied by the Lessor for all locks, doors and other openings of the Premises and must not permit them at any time to come into the possession or control of any person other than the Lessor, the Lessee and their respective authorised employees and agents.

5.9.2 Rent and Outgoings and any other monies payable under this Lease by the Lessee will continue to be charged and be payable by the Lessee upon the expiry or sooner determination of this Lease until all keys (including access card keys and other electronic security access devices) are returned to the Lessor.

5.10. Not to affix antennae

The Lessee must not install or affix any television or radio mast, antennae or satellite dish or similar device to any part of the exterior of the Building or on the Land outside the Building, except by reason of any alterations or additions to the Premises approved by the Lessor.

5.11. Blinds and awnings

The Lessee must not erect or install any window coverings, blinds, screens or awnings to the exterior of the Building, except by reason of any alterations or additions to the Premises approved by the Lessor or required by the Regulatory Authority or any Relevant Authority.

5.12. Cleaning of the Premises

5.12.1 The Lessee must keep the Premises in a clean and sanitary condition at all times.

- 5.12.2 The Lessee must at its own cost engage a professional cleaning company approved by the Lessor (which approval will not be unreasonably withheld), to clean the Premises at least once each week. The Lessee must provide evidence of the engagement of a professional cleaning company on demand from the Lessor.
- 5.12.3 The Lessee must not accumulate any useless property or rubbish in or about the Premises and must remove all rubbish and waste from the Premises at least once each week.
- 5.12.4 The Lessee must not burn any rubbish or waste upon any part of the Premises, nor deposit any waste paper or rubbish except in proper receptacles.

5.13. Obstruction of windows or openings

The Lessee must not cover or obstruct any duct or other outlet or any skylight, window or other opening which reflects or admits air or light into any part of the Building or cover or obstruct any light or other means of illumination in or about the Building.

5.14. Installation of signs and nameplates

The Lessee may with the prior written consent of the Lessor (which consent must not be unreasonably withheld or delayed), erect or install any sign, advertisement, nameplate or other notice of any kind (*Sign*) at the Premises that is customary and incidental to the class of business of the Lessee if the Sign complies with all relevant statutes and is, in the reasonable opinion of the Lessor, consistent with the general design and good appearance of the Premises.

5.15. Letting and sale notices

The Lessee must:

- 5.15.1 during the last 12 months of the Lease Term (unless a Further Term has been granted to the Lessee) permit the Lessor to display in or about the Premises any notice advising that the Premises is or will be available for letting; and
- 5.15.2 during the Lease Term permit the Lessor to display in or about the Premises any notice advertising that the Land is for sale; and
- 5.15.3 permit the Lessor to conduct prospective future tenants and owners through the Premises to view them; and
- 5.15.4 not remove, damage or deface any letting or sale notice.

In exercising its rights under this clause 5.15, the Lessor will use all reasonable endeavours to cause as little inconvenience to the Lessee as is reasonably practicable.

5.16. Lawns and trees

The Lessee must:

- 5.16.1 maintain, cultivate, regularly water, regularly mow and properly care for all lawns, trees, gardens, potted shrubs, landscaped and other planted areas in the Premises; and
- 5.16.2 not cut down, fell, destroy or otherwise remove any trees, shrubs or other plants in the Premises, save where there is a reasonable prospect of damage from dead, dying or unsafe trees and the Lessee obtains the Lessor's prior consent to their cutting down or other removal.

5.17. Service Approval

- 5.17.1 The Lessee must be an Approved Provider and must obtain and keep the Service Approval for the Premises current and in full force and effect in the name of the Lessee during the Lease Term, any Further Term, any extension or renewal of this Lease or during any period of holding over under it.
- 5.17.2 The Lessee must provide education and care services for children of the prescribed type in accordance with the terms and conditions of the Service Approval issued to the Lessee as at the Date of Commencement of the initial Lease Term.
- 5.17.3 During the Lease Terms, the Lessee must do all things reasonably necessary to operate the child care business so as to provide education and care services for the maximum number of children permitted under the Service Approval and must not do anything which would cause a reduction in the number of children approved under the Service Approval.
- 5.17.4 The Lessee must comply with the Act and must use its best endeavours to obtain and maintain a national quality rating of 'Meeting National Quality Standard' or higher.
- 5.17.5 The Lessee must comply with all obligations under the Act and the relevant laws of the Home State relating to the education and care services business conducted on the Premises, including, without limitation, maintenance, health and safety obligations.
- 5.17.6 The Lessee must provide the Lessor with a copy of the Service Approval(s) to operate the education and care services for children carried out on the Premises within 5 business days of a request by the Lessor.
- 5.17.7 The Lessee must not apply to vary the key terms of the Service Approval without the prior written consent of the Lessor which will not be unreasonably withheld except that the Lessor may refuse consent to any proposed variation to reduce the maximum number of children approved under the Service Approval.
- 5.17.8 The Lessor must not make an application to any Relevant Authority that will affect the number of children approved under the Service Approval without the consent of the Lessee.
- 5.17.9 If any variation to the Service Approval occurs, the Lessee must promptly give to the Lessor a copy of the Service Approval (as varied) together with a copy of the current floor plans and measurements of the Premises.
- 5.17.10 The Lessee must do all acts or things as shall be necessary to procure the renewal of the Service Approval.
- 5.17.11 The Lessee must promptly notify the Lessor if:
 - 5.17.11.1 the Service Approval(s) is amended (with respect to the number of child places) suspended or cancelled; or
 - 5.17.11.2 the Regulatory Authority has notified the Lessee that:
 - 5.17.11.2.1 the suspension or cancellation of the Service Approval(s) or the Provider Approval is imminent; or
 - 5.17.11.2.2 there has been a breach of the Service Approval or the Provider Approval which affects the Building or the Premises; or

5.17.11.2.3 the terms of the Service Approval(s) is varied with respect to the number of child places; or

5.17.11.2.4 a show cause notice has been issued in relation to the Building or the Premises.

5.17.12 If the Lessee receives a notice from the Regulatory Authority of a type specified in clause 5.17.11, the Lessee must:

5.17.12.1 do all things necessary to prevent suspension, cancellation or variation (without the Lessor's consent) of the Service Approval or the Provider Approval by complying with the show cause or other notice or exercising all objection or appeal rights which may be available to the Lessee (as the case may be); and

5.17.12.2 keep the Lessor informed about the progress of ensuring the Service Approval or the Provider Approval is not suspended, cancelled or varied (without the Lessor's consent) including providing copies of all correspondence received or given to the Regulatory Authority provided that such disclosure does not cause the Lessee to be in breach of any applicable law.

5.18. Information to be provided

The Lessee must:

5.18.1 during the Lease Term within 30 days after the end of 1 January and 1 July, give to the Lessor a report in relation to the Premises in the form reasonably required by the Lessor containing the following information:

5.18.1.1 maximum number of children approved under the Service Approval, rates of occupancy and average daily fee for the business conducted from the Premises;

5.18.1.2 gross receipts for the business conducted from the Premises; and

5.18.1.3 staff costs, rent and other costs of the business conducted from the Premises,

for each month in the preceding half year:

5.18.1.4 show comparisons with the previous year; and

5.18.1.5 the report must be broken down into separate information for child care, outside school hours care and any other use approved by the Lessor; and

5.18.2 at the request of the Lessor during the Term, within thirty (30) days after the end of each 1 January and 1 July, give to the Lessor a report in relation to the Premises containing the following information:

5.18.2.1 maximum number of children approved under the Service Approval, rates of occupancy and average daily fee for the business conducted from the Premises;

5.18.2.2 gross receipts for the business conducted from the Premises;

5.18.2.3 staff costs, rent and other costs of the business conducted from the Premises, for each month in the preceding half year:

- 5.18.2.4 show comparisons with the previous year; and
- 5.18.2.5 the report must be broken down into separate information for child care, outside school hours care and any other use approved by the Lessor.

5.19. Fixtures and Fittings

All Fixtures and Fittings:

- 5.19.1 in the Premises at the Date of Commencement are the property of the Lessor whether or not installed, purchased or paid for by the Lessor, the Lessee or any other person; and
- 5.19.2 installed, purchased, repaired or replaced by or on behalf of the Lessee during the Lease Term become and remain the property of the Lessor immediately upon their installation or use within or on the Premises unless agreed otherwise between the parties.

5.20. Infectious disease

If any infection or illness of a type required to be notified to a Relevant Authority under any statute occurs on the Premises, the Lessee must:

- 5.20.1 as soon as reasonably practicable notify the Lessor and any Relevant Authority; and
- 5.20.2 if required by the Lessor (acting reasonably) or any Relevant Authority, at its cost thoroughly fumigate and disinfect the Premises to the satisfaction of the Lessor and the Relevant Authority.

5.21. No dangerous substances or contamination of Land

The Lessee must not (except as may be reasonably necessary for the carrying on of the Permitted Use with the consent in writing of the Lessor):

- 5.21.1 store chemicals, inflammable liquids, acetylene gas or alcohol or explosive oils, compounds or substances (excluding domestic cleaning products) on the Premises; and
- 5.21.2 use any such substance or fluid in the Premises for any purpose; and
- 5.21.3 do anything on or bring anything onto the Premises which will or may contaminate the Land.

6. MAINTENANCE, REPAIRS, ALTERATIONS AND ADDITIONS

6.1. Lessee to repair and maintain

- 6.1.1 Subject to clause 6.1.2, the Lessee must at all times during the Lease Term keep and maintain the Premises in good and substantial repair and condition excluding fair wear and tear.
- 6.1.2 For the removal of any doubt, the parties to this Lease acknowledge and agree that despite anything in this Lease to the contrary, nothing in this Lease imposes any obligation on the Lessee in respect of any structural or capital works, maintenance, replacement, renovation or repair or any works to the Services or plant below the Land (**Structural Repairs**), unless required due to the negligent or wilful act or intentional omission of the Lessee or the Lessee's employees or required as a result of the Lessee's failure to observe or perform any provision contained in or implied by this Lease. The Lessor is solely responsible for and must carry out any Structural Repairs which the Lessee is not responsible pursuant to this Lease.
- 6.1.3 In addition to the obligations under clause 6.1.1 and subject to clauses 6.1.2 and 6.1.5, the Lessee must, at its reasonable cost, to the reasonable satisfaction of the Lessor:

- 6.1.3.1 as soon as reasonably practicable repair any damage to the Premises caused by any act, omission, neglect, default or misconduct of the Lessee or the Lessee's Agents;
 - 6.1.3.2 as soon as reasonably practicable replace any glass in or about the Building that may be damaged or broken with glass of at least the same quality and gauge or, where specified by the Lessor, or by statute, the quality, type and gauge so specified;
 - 6.1.3.3 replace any damaged or non-operative electric light bulbs, globes, tubes, associated fittings and other means of illumination (including without limitation any illuminated signs) within the Building;
 - 6.1.3.4 repair or where appropriate replace any damaged Fixtures and Fittings;
 - 6.1.3.5 Redecorate whenever reasonably required by the Lessor within 3 months of written request by the Lessor but not more than, once during every period of 5 years since Redecoration last occurred and in any case Redecorate during the last 3 months of the Lease Term;
 - 6.1.3.5.1 the covenants under subparagraph (d) of Redecorate definition, are only required to be complied with once in every 7 year period during the initial term, in consultation with the Lessor.
 - 6.1.3.6 maintain all driveways, paths, gates, internal fences, boundary fences, and other structures within the Premises or on the land adjoining the Premises in good repair and condition and repair and replace them where necessary, including where required by the Lessor or required by law;
 - 6.1.3.7 effect all improvements and carry out all works as may reasonably be expected of efficiently managed child care centres including works which would be undertaken by an owner of a similar child care centre in accordance with best business practice if the owner also managed the centre; and
 - 6.1.3.8 carry out all maintenance, repair, improvements or works as may be necessary to maintain the Service Approval or any other form of government approval in respect of the Premises.
- 6.1.4 The Lessee must:
- 6.1.4.1 keep all property owned or supplied by or on behalf of the Lessee in or at the Premises clean and will be responsible for its repair, maintenance and insurance; and
 - 6.1.4.2 effect and maintain with reputable specialist contractors, comprehensive service, maintenance and repair contracts on those terms and conditions as the Lessor, any Relevant Authority and any guidelines issued by the Insurance Council of Australia may reasonably require in respect of all plant and equipment (including the Air Conditioning Equipment, lifts (if any) and the Fire Equipment) in or at the Premises.

6.1.5 Despite any other provision of this Lease, the Lessor is responsible for the capital costs of replacement of the lifts and Air Conditioning Equipment (if any are installed at the Premises at the Date of Commencement), if such replacement is reasonably required.

6.2. Lessor's right of inspection

6.2.1 The Lessor may at all reasonable times upon reasonable prior written notice (and not less than 48 hours) to the Lessee enter the Premises for the purpose of viewing the state of repair and condition of the Premises, undertaking valuations, undertaking building inspection and essential safety measures reviews and any other similar purpose reasonably required by the Lessor.

6.2.2 The Lessor may at the reasonable cost of the Lessee engage a professional consultant to carry out a full building inspection and report (including Essential Safety Measures) and pest inspection and report once in each year of the Lease Term and also whenever consent to an assignment or sublease of this Lease is requested.

6.3. Enforcement of repairing obligations

6.3.1 The Lessor may at any time:

6.3.1.1 serve on the Lessee a written notice of any failure by the Lessee to carry out any of its obligations to repair, maintain, replace, clean or Redecorate the Premises under this Lease and allowing the Lessee a reasonable period (being not less than 14 days) to take proper steps to rectify the failure; and

6.3.1.2 require the Lessee to carry out any repair, maintenance, replacement, cleaning or to Redecorate in accordance with clause 6.1.3.5.

6.3.2 If the Lessee fails to carry out the works required under clause 6.3.1, the Lessor may (acting reasonably), without prejudice to any other rights or remedies that it may have, and without any further notice to the Lessee, enter the Premises and carry out all or any of the works at any time and in the manner as the Lessor may in its sole discretion see fit, without any liability on any account whatever to the Lessor.

6.3.3 All reasonable costs and expenses of the Lessor of and incidental to the works under clause 6 must be paid by the Lessee to the Lessor within 30 days of receipt of a tax invoice from the Lessor.

6.3.4 The Lessee must also pay to the Lessor on demand the amount of any additional or unusual costs incurred by the Lessor in having the works carried out outside the normal working hours of the tradesmen concerned or in providing any special, additional, unusual or other services for the Lessee.

6.3.5 Nothing in this clause obliges the Lessor to carry out the works required under clause 6.3.1 or if it does so, to carry out works outside normal working hours.

6.4. Lessor may enter to repair

If the Lessor wishes to carry out any repair, maintenance, alteration, addition, installation or other work in respect of the Premises considered reasonably necessary or desirable by the Lessor or in relation to anything that the Lessor may be obliged or permitted to do under this Lease, then the Lessor may at all reasonable times upon giving to the Lessee at least 1 month's written notice or shorter time period at the Lessee's discretion (except prior notice will not be required in the case of emergency as to which the Lessor will be the sole judge (acting reasonably) in which case the Lessor must give the Lessee the maximum period of notice that is reasonably practicable in the circumstances) enter the Premises and carry out any repair, maintenance, alteration, addition, installation or other work without any

liability on any account whatever to the Lessee. In so doing, the Lessor will use all reasonable endeavours to cause as little inconvenience to the Lessee as is reasonably practicable.

6.5. Alterations or additions to the Premises

- 6.5.1 The Lessee must not make any alteration, addition or installation in or to any of the Building or the whole or any part of the Premises (*Lessee's Works*) without the prior written consent of the Lessor (which consent must not be unreasonably withheld or delayed).
- 6.5.2 When seeking the consent of the Lessor to the Lessee's Works, the Lessee must submit full plans and specifications in reasonable detail of the Lessee's Works. The Lessor (unless otherwise notified to the Lessee in writing) requires as a condition of its consent that:
- 6.5.2.1 the Lessee's Works must be supervised by the Lessor or a person approved by the Lessor;
 - 6.5.2.2 the Lessee's Works must be carried out at the cost of the Lessee in a proper and workmanlike manner to the reasonable satisfaction of the Lessor by a registered builder having a current public liability insurance policy for an amount not less than \$20 million per occurrence, professional indemnity insurance and workers' compensation insurance approved by the Lessor;
 - 6.5.2.3 the materials to be used in carrying out the Lessee's Works must be suitable and of the standard as to type, quality, colour and size approved by the Lessor (acting reasonably);
 - 6.5.2.4 the Lessee must pay to the Lessor within 30 days of receipt of a tax invoice from the Lessor all reasonable costs and expenses of the Lessor in considering the Lessee's Works and supervising them, including the fees of any architect or other building consultant engaged by or on behalf of the Lessor whether or not any approval is granted;
 - 6.5.2.5 the Lessee must obtain and keep current all necessary approvals and permits from the Relevant Authority necessary to enable the Lessee's Works to be lawfully carried out, and must produce to the Lessor complete copies of all approvals and permits within 7 Business Days of a request to do so; and
 - 6.5.2.6 upon completion of the Lessee's Works, the Lessee must as soon as reasonably practicable obtain and produce to the Lessor at the Lessor's request, all unconditional certificates of compliance with all relevant statutes and of satisfactory completion of the Lessee's Works issued or required to be issued by the Relevant Authority and must also provide copies of these documents to the Lessor within 7 Business Days of a request to do so;
 - 6.5.2.7 the Lessee must pay to the Lessor within 30 days of receipt of a tax invoice from the Lessor all reasonable costs and expenses incurred or likely to be incurred by the Lessor in connection with the Lessee's Works, including any resulting modification or variation to the Premises.
- 6.5.3 Without limitation, the Lessor may specify as a condition of its consent:
- 6.5.3.1 which parts of the Premises need not be and which parts must be reinstated; and

6.5.3.2 which items of the Lessee's Works installed in accordance with this clause may not be removed,

when the Lessee vacates the Premises.

6.6. Lessee's obligations on expiration of Lease Term

6.6.1 The Lessee must on the expiration or earlier termination of the Lease Term deliver up the Premises to the Lessor:

6.6.1.1 in the order and condition described in clause 6.1; and

6.6.1.2 having complied in all respects with its obligations under clauses 6.1.1, 6.1.2 and 6.1.3.

6.6.2 Subject to clause 6.6.9, all Fixtures and Fittings remain the property of the Lessor on the expiration or earlier termination of the Lease Term whether paid for or installed by the Lessor or the Lessee or any other person and must not be removed by the Lessee.

6.6.3 The Lessee must on or before the actual date of expiration of the Lease Term by effluxion of time:

6.6.3.1 remove all chattels (other than Fixtures and Fittings) the property of the Lessee and/or of any person other than the Lessor (Lessee's Property), from the Premises (or such part of the Lessee's Property as the Lessor may require). However, the Lessee must not remove any property supplied by or on behalf of the Lessor unless the Lessor otherwise requires; and

6.6.3.2 remove all rubbish and leave the Premises in a neat and tidy condition.

6.6.4 If:

6.6.4.1 the Lessee does not remove the Lessee's Property strictly in accordance with clause 6.6.3; or

6.6.4.2 the Lessor terminates this Lease by reason of default by the Lessee,

the Lessee must within 7 days after receiving notice from the Lessor remove the Lessee's Property (or such part of Lessee's Property as the Lessor may require) from the Premises.

6.6.5 Failing removal by the Lessee in accordance with a notice given under clause 6.6.4, the Lessor may without further notice and without prejudice to any other rights, treat the Lessee's Property as if the Lessee had abandoned its interest in that property and it had become the sole property of the Lessor. The Lessor may then remove or otherwise deal with the Lessee's Property in the manner the Lessor thinks fit without being liable in any way to account to the Lessee.

6.6.6 In carrying out any removal in accordance with clauses 6.6.3 or 6.6.4, the Lessee must not cause any danger to the stability of the structure of the Premises and also must not cause any damage to the Premises.

6.6.7 The Lessee must indemnify and keep indemnified the Lessor from and against any damage, reasonable cost, expense loss or liability suffered by the Lessor in respect of clause 6.6.5.

6.6.8 The Lessee must repair to the reasonable satisfaction of the Lessor any damage whatever caused to the Premises by any removal of the Lessee's Property.

- 6.6.9 The Lessee must (unless agreed otherwise between the parties) if required by the Lessor reinstate any Alterations made by the Lessee to the Premises so that the Premises are converted back to the configuration as at the date of commencement of the initial Lease Term and in good repair and condition (fair wear and tear excepted), failing which the Lessor may at its option and at the cost of the Lessee itself repair any damage and reinstate any Alterations.

7. LESSEE'S INSURANCES AND INDEMNITIES

7.1. Insurance

- 7.1.1 At all times during the Lease Term, the Lessee must effect and keep (or, in the case of workers compensation insurance, arrange to be kept) current at its cost with an insurance office or company nominated by the Lessee and approved by the Lessor (such approval not to be unreasonably withheld):
- 7.1.1.1 a comprehensive insurance policy for the full insurable and replacement value of the Lessee's fixtures, fittings, plant, equipment and chattels in the Premises against loss or damage by fire, storm, tempest, earthquake, lightning, explosion, burglary and other risks usually covered under a comprehensive insurance policy for fire and related risks;
 - 7.1.1.2 a public liability insurance policy in an amount of not less than \$20,000,000 or any higher amount that the Lessor may from time to time reasonably require the Lessee by notice in writing to effect for any single claim or event;
 - 7.1.1.3 a professional indemnity insurance policy in an amount of not less than \$20,000,000 or any higher amount that the Lessor may from time to time reasonably require the Lessee by notice in writing to effect for any single claim or event;
 - 7.1.1.4 insurance in respect of all plate and other glass in or otherwise enclosing the Premises;
 - 7.1.1.5 worker's compensation including employer's liability insurance (unlimited cover); and
 - 7.1.1.6 other insurances required by law,
- and such insurances must be in the name of the Lessee (with the Lessor noted as an interested party).
- 7.1.2 It is acknowledged that the Lessor has not insured the Premises for the risks listed in clause 7.1.1.
- 7.1.3 The Lessor must maintain policies of insurance with a reputable insurance company to cover:
- 7.1.3.1 the full reinstatement replacement value for the Building and the Premises; and
 - 7.1.3.2 any other insurance deemed necessary or desirable by the Lessor (acting reasonably).
- 7.1.4 All insurance policies required to be effected by the Lessee under this Lease may be taken out as part of a global policy but must be taken out as primary cover with insurers and on policies and in forms approved from time to time by the Lessor (acting reasonably). The Lessee agrees that

certificates of currency of insurance or, if required by the Lessor or its mortgagee, certified copies of each insurance policy, will be delivered to the Lessor as soon as practicable after the same are taken out and are renewed. The Lessee must provide to the Lessor within 7 days upon receipt of written request evidence of the currency of each insurance policy and that the premiums have been paid.

- 7.1.5 The Lessee must notify the Lessor immediately if an insurance policy required by this clause is cancelled or an event occurs which may allow a claim or affect rights under an insurance policy in connection with the Premises, or property in them.
- 7.1.6 The Lessee may not enforce, conduct, settle or compromise claims under an insurance policy required by this Lease, even if that policy also covers other property, if the Lessor gives the Lessee a notice that the Lessor wishes to do these things.
- 7.1.7 If the Lessee fails to take out or to keep in force any insurance policy required under this Lease, the Lessor may, without prejudice to any other rights or remedies and without assuming any obligation or liability in connection with the insurance, effect that insurance at the reasonable cost of the Lessee, provided that the Lessor has given notice of this failure to the Lessee and allowed a reasonable period to rectify the failure and the Lessee has failed to rectify the failure specified within the period allowed in the notice.

7.2. Protection of insurance

- 7.2.1 The Lessee must not do or permit to occur anything that will or may (in relation to the Lessor's insurance):
 - 7.2.1.1 increase the rate of any insurance premium on the Premises or on any property in or on it; or
 - 7.2.1.2 vitiate or render void or voidable any insurance in respect of the Premises or any property in or on it; or
 - 7.2.1.3 conflict with any statute or with any requirement of any insurer of the Lessor relating to fires, fire safety or fire prevention in respect of the Premises or any property in or on it.
- 7.2.2 The Lessee must pay to the Lessor within 30 days of receipt of a tax invoice from the Lessor all reasonable extra costs of insurance on the Premises and on any property in or on it on account of any extra risk caused by any use or occupation of the Premises by the Lessee.

7.3. Lessee to occupy Premises at its risk

Save to the extent of any negligent act or omission of the Lessor, its agents, employees or servants, the Lessee agrees that the Premises and all property of any description whatever that may at any time be in or about the Premises during the continuance of this Lease is at the sole risk of the Lessee.

7.4. Lessee to indemnify Lessor

Save to the extent of any negligent act or omission of the Lessor, its agents, employees or servants, the Lessee releases and indemnifies the Lessor and agrees to keep the Lessor released and at all times indemnified to the fullest extent permitted by law from and against all actions, claims, demands, losses (including loss of any rent or other moneys), damages, costs and expenses of every description whatever incurred by the Lessor or for which the Lessor may be or become liable whether in contract, tort, by statute or otherwise however and whether during or after the Lease Term in respect of or arising directly or indirectly from any circumstances concerning this Lease, including, without limitation:

- 7.4.1 any loss, damage, death or injury from any cause whatsoever suffered by any person or caused to property of any description whatsoever at any time in or about the Premises occasioned or contributed to by any use or occupation of the Premises by the Lessee, and by any act, omission, neglect, default or misconduct on the part of the Lessee or the Lessee's Agents or any one or more of the same;
- 7.4.2 any negligent or careless use or neglect by the Lessee or the Lessee's Agents of any services, including water, gas, electricity or other supply apparatus that may be in or about the Premises, the land adjoining the Premises or any easement benefitting the Premises;
- 7.4.3 any entry, overflow, leakage or escape of water (including rain water), fire, gas, electricity or any other harmful agent whatever whether originating inside or outside the Premises caused or contributed to by any act, omission, neglect, default or misconduct on the part of the Lessee or the Lessee's Agents or any one or more of the same;
- 7.4.4 any improper or faulty erection or construction of any alterations, additions or other works installed or otherwise carried out by or on behalf of the Lessee in or about the Premises;
- 7.4.5 any default or other failure of the Lessee to perform or observe in a timely manner any of its covenants under this Lease that ought to be performed or observed by the Lessee;
- 7.4.6 the cost of making good any damage or destruction to the Premises or loss to the Lessor to the extent that the Lessee is (or has covenanted with the Lessor to be) insured; and
- 7.4.7 any excess or other moneys payable in relation to a claim pursuant to a policy effected pursuant to do under this Lease.

8. DAMAGE OR DESTRUCTION

8.1. Abatement of Rent

If the Premises are damaged so as to render the Premises wholly or substantially unfit for occupation and use by the Lessee or inaccessible having regard to the location of the Premises then the Rent and any other money payable by the Lessee will abate according to the nature and extent of the damage or destruction sustained. Any abatement will be effective from the later of the date damage or destruction occurred and the date that the Lessee provided written notice of same to the Lessor, until the Premises are made fit for the Lessee's use, made accessible or this Lease is terminated.

8.2. Lessor's notice

The Lessor must give the Lessee a notice within 6 months after the damage occurs either terminating this Lease on a date not less than 2 weeks after the date the Lessor gives the notice where the Lessor considers that the damage is such as to make repair impracticable or undesirable or stating that the Lessor intends to make the Premises fit for the Lessee's use.

8.3. If Premises not made fit

If the Lessor does not make the Premises fit for the Lessee's use within a reasonable time after giving the notice, the Lessee may terminate the Lease by giving not less than 7 days' notice in writing of termination to the Lessor.

8.4. Lessee's right to terminate affected

The Lessee may not under this clause 8, terminate this Lease or reduce payments if:

- 8.4.1 the damage is caused or substantially contributed to by; or
- 8.4.2 rights under an insurance policy in respect of the Premises are prejudiced or a policy is cancelled or payment of a premium or a claim is refused by the insurer because of,

the act, neglect or default of the Lessee. This clause 8.4 does not affect rights the Lessor may have in connection with the events specified in this clause 8.4. Nor does it relieve the Lessee of the obligation to pay rent if the damage results from the wrongful act or from any negligence of the Lessee or the Lessee's Agents unless the Lessor is insured against loss of rent under an insurance policy and the Lessee contributes to the insurance premium.

8.5. No obligation to restore or reinstate

This clause 8 does not oblige the Lessor to restore or reinstate the Premises.

8.6. Resumption

If the Premises or part of the Premises is resumed so as to render the Premises wholly unfit for occupation or totally inaccessible, either the Lessor or the Lessee may terminate this Lease by giving not less than 7 days' notice in writing to the other.

8.7. Rights following termination

A termination under this clause 8 is without prejudice to the rights of either party in respect of a previous breach of any covenant of this Lease.

8.8. Dispute Resolution

- 8.8.1 The Lessee is entitled to dispute the reasonableness of any reduction of Rent and other moneys under this Part.
- 8.8.2 Any dispute as to the extent and reasonableness of any reduction in Rent and other moneys under this Part must be determined by an independent Valuer appointed by the president of the Australian Property Institute at the request of either party.
- 8.8.3 In making the determination, the appointed Valuer acts as an expert and the determination is final and binding on both parties.
- 8.8.4 The cost of the determination must be paid by the parties equally unless otherwise decided by the appointed Valuer.

9. RESERVATIONS

9.1. Security

Despite anything to the contrary contained or implied in this Lease, the Lessor reserves the right at any time either before or after the Date of Commencement to grant any mortgage, charge or other security relating to the Premises. The Lessee must promptly do anything reasonably required by the Lessor to allow this to happen and the Lessor must reimburse the Lessee for the reasonable costs in assisting the Lessor.

9.2. Rules and Regulations

If any rules and regulations are attached to this Lease, the Lessor may by written notice vary the rules and regulations (*Rules and Regulations*) as the Lessor sees fit (acting reasonably) for the safety, care, cleanliness, appearance and operation of the Premises, for the preservation of good order, for the safety of its occupiers and other persons and for any one or more of those or other purposes. However, the Rules and Regulations must not

be in substantial derogation of the rights of the Lessee under this Lease. The Lessee must observe and comply with the Rules and Regulations as if they were set out in this Lease at length as covenants by the Lessee with the Lessor.

9.3. Grant of easements

9.3.1 The Lessor may from time to time, for the purpose of:

9.3.1.1 providing any public or private access to or from the Premises; or

9.3.1.2 the support of any present or future structure in the Premises or on any other land near or adjacent to the Premises, (*Adjacent Land*); or

9.3.1.3 the provision of any services (including water, drainage, gas, electricity, telephonic and electronic communications) to the Premises or to the *Adjacent Land*,

dedicate or transfer any land or transfer, grant or create any easement or other right in favour of, or enter into any agreement or other arrangement with, any owner, tenant, occupier or other person having an interest in any land (including the *Adjacent Land*) and with any Relevant Authority or any of them for any one or more of those or other purposes as the Lessor may see fit provided that prior to the Lessor's grant of such rights as set out in this clause, the Lessor gives written notice to the Lessee setting out the grant of such rights and confirming that any grant will not adversely affect the Lessee's business including child care places under the Service Approval or the compliance of the Premises under the Act.

9.3.1.4 This Lease is and will be deemed to be subject to any existing or future dedication, transfer, easement, right, agreement or other arrangement contemplated by this clause.

9.3.1.5 However, the Lessor must not exercise any right contemplated by this clause that substantially derogates from the rights of the Lessee under this Lease (including but not limited to reducing child care places under the Service Approval or adversely affect compliance of the Premises under the Act.)

9.3.1.6 The Lessee must within 14 days of written request by and at the cost of the Lessor do all acts and things and execute all consents and other documents as the Lessor may reasonably require to facilitate the above.

10. ASSIGNMENT AND SUBLETTING

10.1. Covenant against assignment and subletting

10.1.1 The Lessee must not mortgage or otherwise charge nor assign (including transfer), sublet, part with possession or share possession of the Premises or of this Lease or of any estate or interest of the Lessee in this Lease to any person without the consent of the Lessor (which consent must not be unreasonably withheld or delayed).

10.1.2 The expression part with possession or share possession includes the appointment of a manager or agent to manage or operate the whole or a substantial part of business of the Lessee conducted from the Premises.

10.1.3 For the avoidance of doubt, the Lessor may withhold its consent to any mortgage, charging or parting with possession of the Premises in its absolute discretion, provided it does so acting reasonably and subject to clause 18.3.

- 10.1.4 It will be a condition of any consent granted by the Lessor to the Lessee to mortgage its estate interest or rights under this Lease that the Lessee and the mortgagee must enter into a deed of consent to security substantially on the Lessor's standard terms or as otherwise agreed acting reasonably.

10.2. Conditions of assignment and subletting

- 10.2.1 Despite clause 10.1, if the Lessee (or any subsequently approved assignee or sublessee) proposes to assign or sublet the whole or any part of the Premises (a Dealing) to any proposed assignee or sublessee (*Incoming Tenant*), the Lessor will not unreasonably withhold or delay its consent to that Dealing if:
- 10.2.1.1 the Lessee:
 - 10.2.1.1.1 gives to the Lessor not less than 21 days prior written notice of the Dealing together with a true copy of any contract, deed of assignment, transfer, trust deed, sublease and other documents and information as may be relevant to the Dealing or required by the Lessor; and
 - 10.2.1.1.2 proves to satisfaction of the Lessor (acting reasonably) that the Incoming Tenant is a respectable, responsible, solvent, fit and suitable person experienced in and capable of adequately carrying on the Permitted Use under this Lease, obtaining a Service Approval from the Regulatory Authority to enable the conduct of the Permitted Use and complying with the terms of this Lease, the onus of proof being upon the Lessee; and
 - 10.2.1.2 all Rent and other moneys then payable by the Lessee to the Lessor under this Lease have been paid to the Lessor and there is not then any existing, unremedied breach of any covenant by the Lessee under this Lease; and
 - 10.2.1.3 the Lessee pays to the Lessor all reasonable costs and expenses incurred by the Lessor (whether or not any proposed Dealing proceeds to completion and whether or not consent is granted) arising directly or indirectly as a result of the proposed Dealing including all administrative and other reasonable costs of the Lessor incurred in complying with the requirements of each mortgagee of the reversion; and
 - 10.2.1.4 in the case of a proposed assignment, the Incoming Tenant:
 - 10.2.1.4.1 signs a deed with the Lessee and the Lessor to be bound by all the covenants of the Lessee under this Lease and appoints the Lessor its attorney for any purpose that the Lessee has appointed the Lessor its attorney under this Lease (the deed to be prepared and stamped (if required) by the Lessor at the reasonable cost of the Lessee and otherwise to contain the covenants the Lessor may reasonably require); and
 - 10.2.1.4.2 signs any other documents that the Lessor or any mortgagee of the Lessor may reasonably require to give effect to the assignment; and

- 10.2.1.4.3 supplies a Bank Guarantee for an amount of 6 months' Rent, Outgoings Contribution and GST and any additional security as the Lessor may reasonably require in respect of the performance of the Incoming Tenant under this Lease; and
- 10.2.1.5 in the case of a proposed sublease (a *Subdealing*):
 - 10.2.1.5.1 the Subdealing contains the same covenants as this Lease save for such variations as are required by the changed circumstances and approved by the Lessor;
 - 10.2.1.5.2 the Lessee and the Incoming Tenant sign a deed with the Lessor that if the Lessee defaults in payment of any Rent or other moneys under this Lease to the Lessor, then the Incoming Tenant will upon receipt of written notice from the Lessor and until the notice may be withdrawn, pay all rent and other moneys payable under the Subdealing to the Lessor (the deed to be prepared and stamped (if required) by the Lessor at the cost of the Lessee and otherwise to contain the covenants the Lessor reasonably requires);
 - 10.2.1.5.3 the Lessee proves to the reasonable satisfaction of the Lessor (by valuations if so required) that the annual rent payable by the Incoming Tenant under the Subdealing is at a rate not less than the then market rent for the Premises;
 - 10.2.1.5.4 the Lessor may approve a Subdealing at a rent rate less than the then market rent for the Premises if the Lessee provides a written acknowledgment in a form satisfactory to the Lessor that the rent rate is below the then market rent for the Premises; and
 - 10.2.1.5.5 the Lessee and the Incoming Tenant sign any other documents that the Lessor or any mortgagee of the Lessor may reasonably require to give effect to the Subdealing; and
- 10.2.1.6 if the Incoming Tenant is:
 - 10.2.1.6.1 a corporation (other than a Listed Corporation); or
 - 10.2.1.6.2 a trustee of any trust,or both, the Lessee procures such persons as the Lessor may require:
 - 10.2.1.6.3 which may in the case of a corporate Incoming Tenant include the directors and principal shareholders of the corporation or any of them or a corporate guarantor of a holding company of the Incoming Tenant; and
 - 10.2.1.6.4 which may in the case of a trust include the unit holders, beneficiaries, trustees, directors and principal shareholders of any corporate unit holder, beneficiary or trustee or any of them,

to execute a joint and several guarantee and indemnity in favour of the Lessor in respect of the performance by the Incoming Tenant of all the covenants of the Lessee under this Lease or of the Incoming Tenant under any proposed Subdealing (as the case may be), the deed to be prepared and stamped (if required) by the Lessor at the reasonable cost of the Lessee and otherwise to contain the covenants the Lessor reasonably requires; and

10.2.1.7 the Lessee, the Guarantor and the Incoming Tenant otherwise comply with all other reasonable requirements of the Lessor in relation to the documentation, stamping (if required) and registration of the proposed Dealing; and

10.2.1.8 any mortgagee of the reversion of this Lease consents to the Dealing.

10.2.2 Despite the immediately preceding provisions of this clause, the Lessor may refuse to grant its consent to a Dealing if a change to the Permitted Use is proposed or if changes to the terms of this Lease are proposed or if its mortgagee from time to time does not consent to the Dealing.

10.3. Change in corporate control

10.3.1 In this clause, the expressions following have the meanings respectively assigned to them:

10.3.1.1 *Control Date* means the later of the Date of Commencement, the date (if any) on which the Lessor may have last consented to an assignment of this Lease, and the date (if any) on which the Lessor may have last consented to a change in a Prescribed Right under this clause;

10.3.1.2 *Prescribed Right* means a voting right, or an income participation right, or a capital participation right or any combination of those rights;

10.3.1.3 *the Transferee* means:

10.3.1.3.1 each person and corporation who holds a Prescribed Right immediately after a proposed change in a Prescribed Right; and

10.3.1.3.2 each director and principal shareholder of each corporation who holds a Prescribed Right immediately after a proposed change in a Prescribed Right; and

10.3.1.3.3 each unit holder, beneficiary and trustee of each trust (and each director and principal shareholder of each corporate unit holder, beneficiary and trustee) who holds a Prescribed Right immediately after a change in a Prescribed Right as above.

10.3.2 If the Lessee is a corporation or a trust, and whilst the Lessee is not a trading Listed Corporation:

10.3.2.1 a change in 50% or more of the beneficial holding or control of a Prescribed Right; or

10.3.2.2 an allotment of shares or interests in the trust which would result in a change in effective control; or

10.3.2.3 a change in the constitution of the corporation or a variation to the terms of the trust which would result in a change in effective control:

of either or both:

10.3.2.4 the Lessee; or

10.3.2.5 any holding company of the Lessee (other than a trading Listed Corporation),

(when compared to the circumstances prevailing at the Control Date) will be deemed to be a proposed assignment of this Lease requiring consent as if the Transferee were the Incoming Tenant under clause 10.1.4. The Lessee must not permit any change as above to occur unless the Lessee first complies with the conditions for consent to assignment of this Lease set out in this Part.

10.3.3 It is a further condition of any consent by the Lessor to a proposed change in a Prescribed Right that the Lessee, prior to the date of the proposed change, procures the Guarantor and the Transferee to execute and deliver to the Lessor a joint and several guarantee and indemnity in favour of the Lessor in respect of the performance by the Lessee of all the covenants of the Lessee under this Lease. The guarantee and indemnity will be prepared and stamped (if required) by the Lessor at the reasonable cost of the Lessee and will otherwise contain covenants as the Lessor may require.

11. LESSOR'S COVENANTS

11.1. Quiet enjoyment

If the Lessee pays all Rent and other moneys payable under this Lease and observes and performs all the covenants on the part of the Lessee under this Lease throughout the Lease Term, the Lessee will hold the Premises throughout the Lease Term without any interruption or disturbance by the Lessor, save where any interruption or disturbance is permitted by any reservation or other provision of this Lease.

11.2. Lessor to pay rates

The Lessor will pay all rates and taxes payable in respect of the Premises save all rates and taxes that the Lessee may have covenanted to pay in whole or in part.

11.3. Lessee to have access to the Premises

Save to the extent of any reservation or other provision of this Lease, the Lessor will permit the Lessee at all times during the Lease Term at all hours of the day and night to have access to and from the Premises for the Permitted Use but not for any other purpose.

12. DEFAULT BY LESSEE AND REMEDIES

12.1. Events of default

If any one or more or all of the following circumstances at any time occur:

12.1.1 any Rent or other amount payable by the Lessee under or pursuant to this Lease is unpaid after becoming due and payable and the Lessor has given written notice specifying the nature of the breach and allowing the Lessee a reasonable period (being not less than 14 days) to rectify the breach and the Lessee has failed to rectify the breach specified within that reasonable time; or

12.1.2 if the Lessee or a Guarantor is a corporation:

- 12.1.2.1 except for the purpose of a solvent reconstruction or amalgamation which has the prior written consent of the Lessor:
- 12.1.2.1.1 an order is made that it be wound up or that a controller (as defined in the *Corporations Act 2001 (Cth)*) be appointed to it or any of its assets; or
 - 12.1.2.1.2 a resolution that it be wound up is passed or proposed;
- 12.1.2.2 a liquidator, provisional liquidator, controller (as defined in the *Corporations Act 2001 (Cth)*) or any similar official is appointed to, or takes possession or control of, all or any of its assets or undertaking;
- 12.1.2.3 an administrator is appointed to it, a resolution that an administrator be appointed to it is passed or proposed, or any other step is taken to appoint an administrator to it;
- 12.1.2.4 it enters into, or resolves to enter into, an arrangement, compromise or composition with any of, or any class of, its creditors or members, or an assignment for the benefit of any of, or any class of, its creditors, or process is filed in a court seeking approval of any such arrangement, compromise or composition;
- 12.1.2.5 a reorganisation, moratorium, deed of company arrangement or other administration involving one or more of its creditors is proposed or effected (excluding any restructuring arrangement with the relevant party's financier in cases where the Lessee is not insolvent or unable to pay its debts) or by reason of financial difficulties it begins negotiations with one or more of its creditors with a view to readjustment or rescheduling of any of its Indebtedness;
- 12.1.2.6 any action is taken by the Australian Securities and Investments Commission (ASIC) with a view to its deregistration or its dissolution, or an application is made to ASIC that any such action be taken;
- 12.1.2.7 it is insolvent within the meaning of Section 95A(2) of the *Corporations Act 2001 (Cth)*, as disclosed in its books of account or otherwise, states that it is unable to pay its debts or it is presumed to be insolvent under any applicable law;
- 12.1.2.8 as a result of the operation of Section 459F(1) of the *Corporations Act 2001 (Cth)*, it is taken to have failed to comply with a creditor's statutory demand for payment of debt;
- 12.1.2.9 it cease to carry on all or a material part of its business or becomes unable to pay its debts when they fall due;
- 12.1.2.10 any event or circumstance set out in Section 461 of the *Corporations Act 2001 (Cth)* occurs in relation to it; or
- 12.1.2.11 anything having a substantially similar effect to any of the events specified in clauses above happens to the person under the law of any jurisdiction; or
- 12.1.3 if the Lessee or a Guarantor is a natural person:

- 12.1.3.1 the person has a bankruptcy notice issued against the person;
- 12.1.3.2 a receiver or a trustee for creditors or in bankruptcy is appointed to any of the person's property;
- 12.1.3.3 a garnishee notice is given concerning any money that the person is said to be owed;
- 12.1.3.4 the person proposes or enters into an arrangement or composition with, or an assignment for the benefit of, any of the person's creditors;
- 12.1.3.5 the person proposes or effects a moratorium involving any of the person's creditors;
- 12.1.3.6 the person stops or suspends, or threatens to stop or suspend:
 - 12.1.3.6.1 the payment of all or a class of its debts; or
 - 12.1.3.6.2 the conduct of all or a substantial part of its business;
- 12.1.3.7 the person is unable to pay all of the person's debts as they fall due or is presumed to be insolvent under any applicable law; or
- 12.1.3.8 anything having a substantially similar effect to any of the events specified in clauses above happens to the person under the law of any jurisdiction; or
- 12.1.4 the Guarantor is in breach of or otherwise fails to perform or observe on the due date any covenant under this Lease or under any guarantee or indemnity in respect of the performance of the Lessee's obligations under this Lease and does not remedy the breach within a reasonable time (having regard to the nature of the breach but not less than 14 days) after the Lessor gives the Guarantor a notice requiring the Guarantor to remedy the breach; or
- 12.1.5 the Lessee fails to perform or observe in a timely manner any of the covenants or conditions contained in this Lease that ought to be performed or observed by the Lessee and does not remedy the breach within a reasonable time (having regard to the nature of the breach but not less than 14 days) after the Lessor gives the Lessee a notice requiring the Lessee to remedy the breach, or
- 12.1.6 the Lessee does not occupy or keep the Premises open for business in accordance with the Permitted Use for a continuous period of 1 month or more and the Lessee does not remedy the breach within a reasonable time (but not less than 14 days) after the Lessor gives the Lessee a notice requiring the Lessee to remedy the breach,

then the Lessee will be deemed to have made default.

12.2. Lessor's remedies upon default

- 12.2.1 if the Lessee defaults or is deemed to be in default or otherwise repudiates this Lease then, without prejudice to any action or other remedy which the Lessor has or might otherwise have had for arrears of Rent or breach of covenant or for damages:
 - 12.2.1.1 the Lessor may (subject to giving the Lessee no less than 14 days prior written notice) immediately or at any later time:

- 12.2.1.1.1 terminate this Lease (including any Further Term or other extension or renewal that may have been granted by the Lessor prior to the default) and re-enter into and take exclusive possession of the Premises (by force if necessary) and eject the Lessee and any other person and remove or otherwise deal with any fixtures, fittings, plant, equipment, partitions and other articles, chattels and contents of all kinds found on the Premises; or
- 12.2.1.1.2 convert this Lease into a tenancy from month to month; and
- 12.2.1.2 the Lessee must pay to the Lessor all losses, damages, reasonable costs and other reasonable expenses whatever suffered by the Lessor by reason of or arising from any default or repudiation, including any reasonable costs of terminating this Lease, recovering possession of the Premises, renovating, restoring, altering, cleaning, securing and advertising the Premises, legal and accounting costs, real estate commissions and charges and fees of and incidental to any re-letting or abortive re-letting of the Premises on a full indemnity basis.
- 12.2.2 Nothing obliges the Lessor to terminate this Lease if the Lessee makes any default or repudiation.
- 12.2.3 14 days is fixed as the minimum period within which a Lessee must remedy a breach capable of remedy and pay reasonable compensation for the breach.
- 12.3. Damages**
- 12.3.1 The Lessee agrees that each of the covenants of the Lessee in Part 3 (Rent), Part 4 (Operating Expenses), clause 5.1 (Permitted Use and conduct of Business), clause 5.3 (Compliance with the law), clause 5.4 (Compliance with easements and covenants), clause 5.5 (Overloading), clause 5.7 (Essential Safety Measures), clause 5.12 (Cleaning of the Premises), clause 5.16 (Lawns and trees), clause 5.17 (Service Approval), clause 5.18 (Information to be provided), clause 6.1 (Lessee to repair and maintain), clause 6.5 (Alterations or additions to the Premises), Part 7 (Lessee's Insurances and Indemnities), Part 10 (Assignment and Subletting), clause 12.8 (Interest), clause 15 (Bank Guarantee) and any other covenant for payment of money by the Lessee or expressed in this Lease or otherwise held by a Court to be essential, are essential terms of this Lease. The Lessee must ensure that no event of default of the kind referred to in clause 12.1.2 or 12.1.3 occurs and this obligation is also an essential term of this Lease.
- 12.3.2 If the Lessor terminates this Lease following any default, repudiation or breach by the Lessee of an essential term or otherwise then, without prejudice and in addition to any other rights or remedies, the Lessor may also recover from the Lessee as liquidated damages, all Rent and other monies that would have been payable by the Lessee under this Lease for the unexpired residue of the Lease Term, less any amount the Lessor is able to obtain, or could in the Lessor's opinion reasonably be expected to obtain (at the time when the Lessor makes any claim for damages or, if litigation proceeds to judgment, at the time of the judgment) from a re-letting of the Premises at a reasonable rent and on reasonable terms for the unexpired residue of the Lease Term.
- 12.3.3 To the extent that such damages represent an acceleration of payments that would otherwise have been received over a period of time, the amount of damages will, at the election of the Lessor, be rebated at a rate 4% less than the Stipulated Rate as at the date on which the amount is first claimed. The rebate will be calculated with effect from the day following the date on which damages (taking into account any rebate) are received by the Lessor in full.

12.4. Lessor to Mitigate Loss

- 12.4.1 If the Lessor accepts the Lessee's repudiation of the lease and terminates this Lease, or if the Lease is terminated by the Lessor due to the Lessee's Default, the Lessor must take reasonable steps to mitigate its loss and endeavour to re-lease the Premises on reasonable terms.
- 12.4.2 The Lessor's entitlement to damages must be assessed on the basis that the Lessor has observed the obligation to mitigate its loss. The Lessor's conduct in mitigating its loss will not of itself constitute acceptance of the breach or repudiation or a surrender by operation of Law.

12.5. Abandonment of Premises by Lessee

If the Lessee abandons or otherwise vacates the Premises, either with or without the consent of the Lessor, then the Lessor will be entitled to accept the keys for the Premises and without further notice to the Lessee enter the Premises at any time for the purpose of renovating, restoring, altering, cleaning and securing the Premises and conducting any prospective tenant or other occupier through and otherwise to inspect the same and to advertise the Premises for re-letting or do any one or more of those things. Any such conduct of the Lessor under this clause will not of itself constitute acceptance of any breach or repudiation by the Lessee nor a surrender by operation of law.

12.6. Lessor's right to cure defaults

The Lessor may, but is not obliged to, remedy at any time without notice any default by the Lessee under this Lease at the reasonable cost of the Lessee.

12.7. Effect of waivers on default

Any failure or refusal by the Lessor to take advantage of any default, breach of covenant or repudiation by the Lessee will not constitute a waiver of it. A waiver by the Lessor of any particular breach or default of the Lessee will not be deemed to be a waiver of any subsequent or other breach or default. Any demand by the Lessor for or subsequent acceptance by or on behalf of the Lessor of any Rent or other moneys payable under this Lease will not constitute a waiver of any earlier or other breach or default by the Lessee.

12.8. Interest

- 12.8.1 The Lessee must pay to the Lessor within 30 days of receipt of a tax invoice from the Lessor interest at the Stipulated Rate on all Rent and other moneys payable by the Lessee to the Lessor under this Lease that are not paid when they become due and payable, and also upon any judgment the Lessor may obtain against the Lessee in respect of any moneys.
- 12.8.2 The interest will be calculated from the date when the Rent or other moneys become due and payable up to and including the date of actual payment, and will be deemed to accrue from day to day and will be compounded daily.

12.9. Condition precedent

Despite anything to the contrary contained or implied in this Lease or under any rule of law, the Lessor will not be in default under this Lease or be regarded as having repudiated this Lease in any manner whatever unless the Lessee has given the Lessor written notice of the default or repudiation, and the Lessor has then failed within a reasonable time to take proper steps to rectify the default or repudiation.

13. GENERAL

13.1. Notices

- 13.1.1 Any notice, demand, action, writ, court proceeding or other communication (a *Notice*) from the Lessor to the Lessee will be deemed duly given and served on the Lessee:
- 13.1.1.1 if delivered to the Lessee personally; or
 - 13.1.1.2 if the Lessee is a corporation, then delivered to any person at or posted by prepaid mail to its registered office in Australia; or
 - 13.1.1.3 in any case if:
 - 13.1.1.3.1 if the Lessee is an individual or other entity (not being a corporation, left at the last known principal place of business or residence of the Lessee; or
 - 13.1.1.3.2 delivered to or sent by prepaid mail to the Lessee at the address (if any) of the Lessee specified in the Reference Data; or
 - 13.1.1.3.3 sent by facsimile transmission to the facsimile number (if any) of the Lessee specified in the Reference Data, the facsimile number of the registered office in Australia (if the Lessee is a corporation) or at such other facsimile number from time to time last notified to the Lessor; or
 - 13.1.1.4 if given or served in such other manner as may be authorised by law.
- 13.1.2 Any Notice from the Lessee to the Lessor will be deemed duly given and served if posted by prepaid mail or sent by facsimile transmission addressed to the Lessor at the address or facsimile number (if any) of the Lessor specified in the Reference Data or at the address of its managing agent (if any) or at such other address as the Lessor may have last designated by notice in writing to the Lessee for that purpose.
- 13.1.3 A Notice that is posted will be deemed to be served on the day 3 Business Days after the date of posting. A Notice sent by facsimile transmission will be deemed to be served on receipt by the sender of a report from the sender's facsimile machine that all pages of the Notice have been transmitted.
- 13.1.4 Any Notice given by any party to another must be signed by the relevant party giving the Notice or by the lawyers for that party or (in the case of the Lessor) by its managing agent (if any). In the case of a corporation, any Notice may be signed by any director, manager, secretary or other authorised officer of the corporation.
- 13.1.5 Without limiting any other mode of or actual service, any Notice given and served on the Lessee under this clause will be deemed to have been given and served contemporaneously on the Guarantor. If the Lessee or the Guarantor (as the case may be) comprises more than 1 person, then without prejudice to any other mode of service, a Notice served by the Lessor on the relevant party will be deemed duly given and served on that party if given to or served on any one or more of the persons comprising the relevant party.

13.2. Costs and stamp duty

- 13.2.1 Each party must bear its own legal, accounting and other costs for the preparation, negotiation and execution of this Lease.
- 13.2.2 The Lessee must within 30 days of receipt of a tax invoice from the Lessor, pay to the Lessor all reasonable costs (including reasonable legal costs) and expenses whatever paid by the Lessor (or for the payment of which the Lessor may be or become liable) of and incidental to:
- 13.2.2.1 negotiation, preparation, stamping and registration of this Lease and any extension of the term of this Lease;
 - 13.2.2.2 to any subletting by the Lessee or to any mortgage or charge or encumbrance of the interest of the Lessee under this Lease (whether consent is granted or refused);
 - 13.2.2.3 the exercise of any right or remedy under this Lease (including any power of attorney given by the Lessee under this Lease), a default under or repudiation of this Lease by the Lessee (including the preparation, execution, service and prosecution by the Lessor of any notice or other proceedings of and incidental to the same);
 - 13.2.2.4 any surrender of this Lease, and the grant or refusal of any consent or approval that may be requested by the Lessee under this Lease (other than a surrender of lease required under clause 13.21);
 - 13.2.2.5 the cost of survey and preparation of any lease plan; and
 - 13.2.2.6 all stamp duty, registration and production fees from time to time payable on this Lease and any other instrument relating to this Lease (if any).
- 13.2.3 The Lessee and the Lessor authorise and direct the solicitors for the Lessor pursuant to the relevant legislation governing solicitors' trust accounts to pay to themselves or otherwise apply any moneys of the Lessee and the Lessor or any of them at any time and from time to time held in trust by the solicitors for any purpose towards payment of all or any of the costs and expenses referred to in this clause.

13.3. Lessor's liability

Save to the extent that this Lease or a mandatory rule of law may otherwise expressly provide:

- 13.3.1 the Lessor is not and will not be required to do anything or supply any service to or carry out any repair, maintenance or other work (whether structural or otherwise) in respect of the Premises; and
- 13.3.2 in any case the Lessor is not and will not be liable to the Lessee or to any other person for any loss, injury, damage (including damages for any loss of profits), compensation, abatement of any rental or other moneys, costs or expenses or on any other account whatever by reason of any reservation or exercise of any right of the Lessor under this Lease, any operation, interruption or cessation of any service to the Premises, or by making or failing to make any repairs, alterations or additions to the Premises or by any other cause whatever.

13.4. Governing law

Despite the domicile or residence of any party, this Lease is governed by the laws of the Home State. Any proceedings relating to this Lease may, at the option of the Lessor, be instituted, removed to, heard and determined in any Court of competent jurisdiction in the Home State selected by and convenient to the Lessor.

13.5. No agency relationship

The relationship between the Lessor and the Lessee is that of landlord and tenant, and any other relationship (including that of partnership, joint venture and principal and agent) is negated.

13.6. Severance

If any provision of this Lease is or becomes invalid, illegal or unenforceable, the provision will so far as possible be read down to give it a valid operation of a partial character. If that is not possible the provision will be severed and the remaining provisions will not in any way be affected or impaired.

13.7. Power of attorney

13.7.1 The Lessee irrevocably appoints the Lessor and the Responsible Entity and (if the Lessor or the Responsible Entity is or includes a corporation) the directors, the general manager and the secretary from time to time of the Lessor and the Responsible Entity and all mortgagees, successors in title and attorneys from time to time of the Lessor and any substitute jointly and each of them severally as the lawful attorney of the Lessee (either in the name of the Lessor or the Lessee), without prejudice to any other rights or remedies of the Lessor, at any time and from time to time to do any one or more or all of the following:

13.7.1.1 after the expiration or earlier termination of this Lease:

13.7.1.1.1 execute a surrender of this Lease and register it; and

13.7.1.1.2 generally do anything and execute any instrument (including a transfer of Lease or withdrawal of any caveat affecting the Land) or other document relating to the Premises and this Lease or any of them as fully and effectually as the Lessee could do itself;

13.7.1.2 after the Lessor has otherwise re-taken possession of the Premises:

13.7.1.2.1 remove, store, sell or otherwise deal with any fixtures, fittings, plant, equipment, partitions and other articles, chattels and contents of all kinds found on the Premises in the manner as the attorney may in its sole discretion see fit; and

13.7.1.2.2 apply any proceeds of sale of the same towards the cost of any removal, storage, sale or other dealing, and towards any Rent or other moneys payable by the Lessee to the Lessor under this Lease.

13.7.2 Sufficient proof of the existence of any circumstance entitling the exercise of any of these powers will be the statutory declaration of any such attorney. The Lessee consents to the registration of this power.

13.7.3 The Lessee releases and indemnifies the Lessor, the Responsible Entity and any attorney and agrees to keep the Lessor, the Responsible Entity and any attorney released and indemnified from and against all costs, claims and other expenses whatever unless such costs, claims or other expenses are caused or contributed to by the negligent act or omission of the Lessor, Responsible Entity or any attorney and must ratify and confirm everything that the Lessor, the

Responsible Entity and any attorney and any substitute or any of them may lawfully do or cause to be done relating to the exercise of any of these powers.

13.7.4 Nothing in this Lease obliges any attorney to act in respect of these powers.

13.7.5 This clause 13.7 will only apply in the event there is a subsisting breach of any lease covenants by the Lessee entitling the Lessor to terminate this Lease under clause 12.2.

13.8. Managing Agent

The Lessor may from time to time appoint an agent (*Managing Agent*) to manage the Premises. The Managing Agent will represent the Lessor in all matters relating to this Lease except to the extent that the Lessor may from time to time otherwise direct in writing.

13.9. Moratorium negated

To the fullest extent permitted by law, the application of any statute (whether present or future) to this Lease having the effect of extending or reducing the Lease Term, reducing or postponing the payment or amount of any Rent or other moneys or otherwise adversely affecting, in the opinion of the Lessor (acting reasonably) the operation of this Lease is excluded and negated.

13.10. Assignment by Lessor

If the Lessor transfers or otherwise assigns any interest in the Premises and in this Lease or any of them, to the extent that any transferee or assignee is responsible for compliance with any covenants of the Lessor under this Lease, the transferring Lessor will, without further written agreement, be deemed to be relieved of all further liability under this Lease.

13.11. Bind all signatories – Intentionally deleted

13.12. Entire agreement

The covenants in this Lease and any agreement for lease in writing prepared by or on behalf of and executed by the Lessor pursuant to which this Lease may have been granted contain the entire agreement as concluded between the parties, despite anything to the contrary contained in any brochure, report or other document prepared by or on behalf of the Lessor for submission to potential tenants of the Premises. The Lessee and the Guarantor acknowledge that they have not been induced to enter into this Lease by any representation verbal or otherwise made by or on behalf of the Lessor that is not set out in this Lease and any agreement for lease executed by the Lessor.

13.13. Head Lease and other interests

The Lessee must at all times during the Lease Term permit any person having any estate or interest in the Premises superior to or concurrent with the Lessor to exercise the powers of the Lessor and that other person or any of them to enter, view and carry out work in the Premises and otherwise to exercise or perform all their lawful rights or obligations in relation to that estate or interest as permitted under this Lease.

13.14. Benefit of covenants

13.14.1 If any person other than the Lessor becomes entitled to receive any Rent or other moneys payable under this Lease whether by operation of law or by direction of the Lessor or otherwise, that person will, without further written agreement, have the benefit concurrently with the Lessor of all covenants of the Lessee and the Guarantor under this Lease and under any other document executed by the Lessee or the Guarantor (or any of them) in favour of the Lessor in connection with this Lease.

13.14.2 The Lessee and the Guarantor or such of them as the Lessor requires, must at the cost of the Lessor enter into covenants with the Lessor and any other person or any of them as the Lessor may reasonably require in confirmation of the rights and obligations under clause 13.14.1.

13.15. Waiver

Despite anything to the contrary contained or implied in this Lease, any failure or refusal by the Lessor to exercise any right to review any Rent or other moneys payable under this Lease on the due date for the review or to exercise any other right or remedy whether before or after the expiration or earlier termination of this Lease, will not be an abandonment or waiver of any right or remedy and the right or remedy will (unless otherwise expressly waived in writing by the Lessor) accrue retrospectively from the relevant due date for the right or remedy.

13.16. Trustee provisions

13.16.1 If the Lessee or the Guarantor or any of them enters into or otherwise at any time holds this Lease as a trustee of any trust (*Trust*), then whether or not the Lessor has any notice (actual or constructive) of the Trust, the following apply:

13.16.1.1 the Lessee and the Guarantor each warrant that they have full power under the relevant Trust to enter into and perform their respective obligations and liabilities under this Lease;

13.16.1.2 the obligations and liabilities of the Lessee and the Guarantor under this Lease extend to the fund and any other assets of each Trust (*Trust Fund*);

13.16.1.3 the Lessee and the Guarantor must on the written demand or direction of the Lessor exercise all rights of indemnity that the Lessee and the Guarantor or any of them may at any time have against the Trust Fund and any beneficiaries or unit holders of the Trust or any of them for the benefit of the Lessor;

13.16.1.4 the Lessee and the Guarantor will be and remain liable under this Lease both in their relevant personal capacities and as trustee for the Trust; and

13.16.1.5 the Lessee or the Guarantor must produce the original stamped trust deed and all documents evidencing the Lessee's or Guarantor's Trust and the Trust Fund to the Lessor within 14 days of written request by the Lessor.

13.16.2 If the Lessor holds the reversion of this Lease as a trustee (*Lessor's Trust*), whether disclosed or not:

13.16.2.1 the liability of the Lessor is limited to the assets of the Lessor's Trust; and

13.16.2.2 the Lessor is only liable under this Lease in its capacity as trustee of the Lessor's Trust; and

13.16.2.3 except to the extent of any fraud, gross negligence, wilful default, breach of trust or breach of duty which disentitles the Lessor from an indemnity out of the assets of the Lessor's Trust, the Lessor has no personal liability under this Lease.

13.17. No caveats

The Lessee must not caveat against the Land.

13.18. Mortgage by the Lessor

- 13.18.1 The Lessor may at any time mortgage, charge or otherwise encumber the reversion. In the event that the Lessor mortgages, charges or otherwise encumbers the reversion, the Lessor must at its own cost and expense procure from an mortgagee or chargee, written consent or acknowledgement as to the Lease and furnish to the Lessee a copy of such consent or acknowledgement, or alternatively provide written confirmation to the Lessee that such consent or acknowledgement from the mortgagee or chargee is not required.
- 13.18.2 The Lessee and the Guarantor must on the written request of the Lessor do all reasonable things and execute and deliver to the Lessor a form of consent containing the covenants the Lessor reasonably requires or in the standard form required by the mortgagee in order to procure the consent of any mortgagee of the Lessor to this Lease.

13.19. Foreign ownership

The Lessee covenants that:

- 13.19.1 the Lessee is not a person to whom the *Foreign Acquisitions and Takeovers Act 1975 (Cth)* and any other relevant legislation in the Home State governing the foreign ownership of land or any interest in land applies; or
- 13.19.2 if any one or more of those Acts apply, the Lessee may unconditionally enter into this Lease without breaching any of those Acts, and will not otherwise breach any of those Acts.

13.20. Documentation

The Lessee and the Guarantor expressly and irrevocably authorise the Lessor and the lawyers for the Lessor and any of them to complete this Lease and any guarantee and indemnity by inserting any words or figures or by initialling, executing or correcting them and (if necessary) inserting any sketch plan in this Lease identifying the location of the Premises. This clause will also apply in the same manner in respect of any further or other documents executed or required to be executed by the Lessee and the Guarantor or any of them under or pursuant to this Lease.

13.21. Conversion of title

- 13.21.1 Subject to the Lessee being granted a new lease; the terms of which must not be substantially different to this Lease and the operations of the childcare business at the Premises is not interrupted, the Lessor may at any time subdivide the Land or amalgamate the Land with other land or otherwise convert the title of the Land pursuant to any statute by way of registering a plan of subdivision or plan of amalgamation, a community titles scheme, a building units or group title plan or other strata or subdivisional plan or a freehold title or any similar plan (a *New Plan*).
- 13.21.2 The Lessee must within 14 days of written request by the Lessor, execute and deliver to the Lessor a surrender of this Lease and otherwise procure the discharge of any other dealing (whether registered or not) in respect of this Lease that may have the effect of prohibiting or hindering registration of the *New Plan*. Any surrender or discharge will take effect from the date of registration of the *New Plan* (*Date of Surrender*) and will be without prejudice to any antecedent rights of any party under this Lease.
- 13.21.3 The Lessee must also contemporaneously execute and deliver to the Lessor a new lease (*New Lease*) of the Premises for the balance of the Lease Term remaining unexpired as at the Date of Surrender as if the *New Lease* was a continuation of the Lease Term and all other documents as

the Lessor may reasonably require to facilitate the stamping and registration of the New Plan and any surrender, discharge or New Lease, as the case may be.

13.21.4 If the New Plan comprises a subdivision involving an owners corporation under the Subdivision Act the New Lease will:

13.21.4.1 contain the same terms and conditions as this Lease together with those modifications which the Lessor may reasonably require because of the changed circumstances;

13.21.4.2 include the levies of the owners corporation for the Premises in the recoverable outgoings; and

13.21.4.3 require the Lessee to comply with the rules made by that owners corporation provided that those rules do not substantially derogate from the right of the Lessee under this Lease.

13.21.5 The Lessee must procure the Guarantor to contemporaneously execute and deliver to the Lessor, (which the Guarantor covenants to do) a fresh joint and several guarantee and indemnity in favour of the Lessor in respect of the performance of the Lessee under the New Lease containing the same terms and conditions as the guarantee given by the Guarantor under this Lease together with those modifications which the Lessor may reasonably require because of the changed circumstances.

13.21.6 Except where the Lessor and the Lessee agree that the term of the New Lease will extend beyond what would otherwise have been the date of expiration by effluxion of time of the Lease Term, the New Lease (together with any other documents required by the Lessor under this clause) will be prepared and stamped (if any) and (if required by the Lessor or at law) registered by and at the cost of the Lessor. The Lessee must pay all stamp duty (if any) in respect of any further term.

13.21.7 The Lessor must pay the Lessee's reasonable Costs under this clause 13.21.

13.22. Survival of Indemnities

Each indemnity in this Lease is a continuing obligation, separate and independent from the other obligations of the parties and survives the expiry or termination of this Lease.

13.23. Enforcement of Indemnities

It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity conferred by this Lease.

13.24. Counterparts

This Lease may consist of a number of counterparts and the counterparts taken together constitute one and the same instrument.

14. GUARANTEE

14.1. Guarantee by the Guarantor

In consideration of the Lessor at the request of the Guarantor having entered into or having agreed to enter into this Lease with the Lessee, which request is testified by the execution of this Lease and the guarantee and indemnity

contained in this Part (*this Guarantee*) by the Guarantor, the Guarantor, jointly and severally, unconditionally guarantees to the Lessor:

- 14.1.1 the due and timely payment by the Lessee of all Rent and other moneys whatever payable by the Lessee to the Lessor under this Lease and any renewal, extension, variation, substitution or overholding of it or otherwise payable by reason of any use, occupation or other tenancy of the Premises by the Lessee; and
- 14.1.2 the timely performance and observance of all the covenants of the Lessee under this Lease.

14.2. Indemnity by the Guarantor

Save to the extent of any negligent act or omission of the Lessor, its agents, employees or servants, the Guarantor releases and indemnifies the Lessor and agrees to keep the Lessor released and at all times indemnified to the fullest extent permitted by law from and against all actions, claims, demands, losses (including loss of any rent or other moneys), damages, costs and expenses of every description whatever incurred by the Lessor or for which the Lessor may be or become liable whether in contract, tort, by statute or otherwise however whether during or after the Lease Term in respect of or arising directly or indirectly from any circumstances concerning this Lease, including:

- 14.2.1 any default or other failure of the Lessee to perform or observe in a timely manner any of the covenants of the Lessee under this Lease and any renewal, extension, variation, substitution or overholding of it that ought to be performed or observed by the Lessee; and
- 14.2.2 any non-enforceability of this Lease by the Lessor against the Lessee for any reason whatever, including by reason of any disclaimer of this Lease by any liquidator of the Lessee for the residue of the Lease Term or any Further Term that would have remained if there had been no disclaimer.

14.3. Liability of Guarantor

The rights and remedies of the Lessor and the liability of the Guarantor under this Guarantee will not be prejudiced or affected in any way or by anything or by any circumstances whatever, including any one or more or all of the following circumstances (with or without notice to the Guarantor):

- 14.3.1 the granting of any time, credit, waiver, forbearance, concession or other indulgence at any time by the Lessor to the Lessee and to the Guarantor and to any other person or to any one or more of them;
- 14.3.2 any absolute or partial release, discharge or compromise of or with the Lessee, the Guarantor and any other person or any one or more of them;
- 14.3.3 any variation of this Lease, including any variation of the Lease Term, any variation of the area of the Premises or the amount of any Rent or other moneys from time to time payable under this Lease or any one or more of them, any further or other lease or right of occupation of the Premises granted by the Lessor to the Lessee or any other person for any reason, including pursuant to any option to renew or extend the Lease Term, any further term or other variation or further or other lease, sublease or right of occupation imposed by law or otherwise agreed by the Lessor and the Lessee, and any holding over by the Lessee under this Lease;
- 14.3.4 any composition, compromise, release, discharge, arrangement, abandonment, waiver, variation, relinquishment, exercise, grant or renewal (either wholly or partly) of any security or right held by the Lessor in respect of the Lessee or any other person;
- 14.3.5 any assignment, subletting or other dealing whatever by the Lessee of this Lease and of the Premises or any of them either with or without the consent of the Lessor;

- 14.3.6 any expiration of the Lease Term or any Further Term or other termination of this Lease (whether by effluxion of time, default, repudiation, abandonment, re-entry, full or partial surrender or this Lease becoming void or voidable or otherwise);
- 14.3.7 (where the Lessee and the Guarantor or any of them is or includes a natural person) the death, disability, bankruptcy, infancy, deed of arrangement, assignment or composition for the benefit of creditors of the Lessee and the Guarantor or any of them; or
- 14.3.8 (where the Lessee and the Guarantor or any of them is or includes a corporation), any de-registration, liquidation, winding up, scheme of arrangement, reduction of capital, capital reconstruction or the appointment of any administrator, receiver or receiver and manager or official management of the Lessee and the Guarantor or any of them or any other demise of the Lessee and the Guarantor or any of them or notice of any of those circumstances;
- 14.3.9 the completion of this Lease by or on behalf of the Lessor pursuant to any agreement in that regard;
- 14.3.10 any non-perfection of the estate of the Lessee under this Lease, including the non-registration of this Lease for any reason whatever and that the consent of any other person may be required to this Lease or any of them;
- 14.3.11 any sale, transfer, assignment or other dealing of any kind whatever by the Lessor of the whole or any part of its interest in the Land, the Premises and this Lease or any of these with or without notice to the Lessee and the Guarantor or any of them; or
- 14.3.12 any other act, omission, neglect, default, misconduct, event, security or thing of any description whatever that under the law relating to sureties would or might otherwise have the effect (either at law or in equity or by statute or otherwise) of releasing, discharging or otherwise affecting the liability of the Guarantor either in whole or in part under this Guarantee.

14.4. Guarantee applies to variations and renewals of Lease

The obligations of the Guarantor under this Guarantee apply and extend to the payment of all Rent and other moneys and performance by the Lessee under or by reason of any variation of this Lease, including any variation of the Lease Term or any Further Term, any variation of the area of the Premises or the amount of any Rent or other moneys from time to time payable under this Lease or any one or more of them, any further or other lease or right of occupation granted by the Lessor to the Lessee for any reason, including pursuant to any option to renew or extend the Lease Term, any further term imposed by law or otherwise agreed by the Lessor and the Lessee, and any period of holding over by the Lessee under this Lease, with or without any consent by or notice to the Guarantor.

14.5. Guarantee is irrevocable and continuing

This Guarantee is irrevocable and continuing and extends to cover all obligations of the Lessee to the Lessor however arising and continues and remains in full force and effect until the due performance and observance by the Lessee of all its covenants under this Lease.

14.6. Guarantor is a principal debtor

Notwithstanding that as between the Guarantor and the Lessee, the Guarantor may be sureties only, nevertheless in any proceedings in which the liability of the Guarantor to the Lessor is in issue, the Guarantor:

- 14.6.1 (as an independent covenant and as a party to this Lease) will be deemed to be principal debtor and contractor jointly and severally liable with the Lessee to discharge the obligations contained in clauses 14.1 and 14.2 of this Guarantee;

- 14.6.2 will not be entitled to raise any defence based upon an allegation that the Guarantor's position as against the Lessor is that of guarantor or surety;
- 14.6.3 waives all rights as surety or indemnifier, whether those rights are legal, equitable, statutory or otherwise (including the right to be subrogated to any right of security which the Lessor has in relation to the Lessee or any Guarantor) which may be inconsistent with these covenants;
- 14.6.4 acknowledges that the Lessor is under no obligation to marshal any security, assets or funds held by the Lessor in favour of the Guarantor; and
- 14.6.5 has no right of set off at law or in equity in respect of amounts due to the Lessee or the Guarantor under this Lease or any transaction whatever and no right to take advantages of defences which may be open to the Lessee against the Lessor.

14.7. Guarantor not to prove in liquidation

If the Lessee enters into any assignment for the benefit of its creditors or into liquidation or official management or any other situation in which its creditors are entitled or required to lodge a proof of their claims, the following provisions will apply until the Lessor has received payment in full of all monies which are or may become due to the Lessor under this Guarantee:

- 14.7.1 the Guarantor must not, without the prior consent in writing of the Lessor, either lodge any proof of debt whether in respect of the Guarantor's obligations under this Guarantee or otherwise or enforce or attempt to enforce any security held by the Guarantor in respect of the obligations of the Lessee but must hold in trust for the Lessor any rights or benefits arising from any security;
- 14.7.2 the Guarantor must, if required by the Lessor, lodge a proof of debt or enforce any security and do all acts and things as the Lessor requires to obtain the benefit of any proof, claim or security for the Lessor and must hold any dividends or proceeds of realisation of the security in trust for the Lessor;
- 14.7.3 the Guarantor must not claim the benefit or seek to require the transfer of any guarantee or security which may be held by the Lessor in respect of the monies or obligations which are guaranteed or indemnified by this Guarantee; and
- 14.7.4 the Guarantor must pay to the Lessor all monies received by the Guarantor for the credit of the Lessee and which the Guarantor may be obliged to remit to any trustee, official manager, liquidator or any other person.

14.8. No change in control

- 14.8.1 in this clause, the expressions following have the meanings respectively assigned to them:
 - 14.8.1.1 *Control Date* means the Date of Commencement;
 - 14.8.1.2 *Prescribed Right* means a voting right, or an income participation right, or a capital participation right or any combination of those rights.
- 14.8.2 If a Guarantor is a corporation or a trust, and while the Guarantor is not a trading Listed Corporation, there must not occur, without the prior written consent of the Lessor:
 - 14.8.2.1 a change in 50% or more of the beneficial holding or control of a Prescribed Right; or

14.8.2.2 an allotment of shares or interests in the trust which would result in a change in effective control; or

14.8.2.3 a change in the constitution of the corporation or a variation to the terms of the trust which would result in a change in effective control,

of any Guarantor.

14.9. Guarantee inures

If the interest of the Lessor in this Lease is transferred or assigned by the Lessor to any person, the benefit of this Guarantee will, without any further agreement or notice, be deemed to extend to and inure concurrently with the Lessor and for the benefit of any transferee or assignee and any subsequent transferee or assignee notwithstanding any transfer or assignment. The Guarantor must at the cost of the Lessor enter into covenants with the Lessor and the transferee or assignee or any one or more of them as the Lessor may require in confirmation of the covenants under this clause.

14.10. Miscellaneous

If this Guarantee is not dated, the date of this Guarantee is the date of this Lease. This Guarantee takes effect immediately upon its execution and continues in full effect whether or not this Lease is subsequently registered. References to this Lease includes any legal lease, equitable lease, agreement for lease or periodic tenancy arising upon execution or acceptance by the Lessee of the instrument containing this Guarantee, and any other use, occupation or other tenancy of the Premises by the Lessee.

14.11. Costs

The Guarantor must pay to the Lessor upon demand:

14.11.1 the Lessor's reasonable costs relating to the stamping, if required by law, of this Guarantee; and

14.11.2 the Lessor's reasonable costs relating to the enforcement or attempted enforcement by the Lessor of any of its rights under this Guarantee.

14.12. General

14.12.1 Any monies payable under this Guarantee by the Guarantor to the Lessor must be paid to the Lessor in the manner the Lessor directs.

14.12.2 A certificate signed by the Lessor or by a director, manager or the secretary of the Lessor, as to any sum payable to the Lessor under this Guarantee, will be accepted as prima facie evidence of the amount due to the Lessor and of all other matters stated in the certificate.

14.12.3 The Guarantor acknowledges that the Lessor recommends that the Guarantor obtain independent legal advice about this Lease and this Guarantee before entering into this Guarantee.

14.13. Interest

If the Guarantor fails to make payments as required under this Guarantee, the Guarantor must in addition pay interest at the Stipulated Rate for each month or part of a month during which the payment is overdue.

14.14. Acknowledgement

14.14.1 The Guarantor acknowledges:

- 14.14.1.1 this Guarantee is in addition to and not in substitution for any security which the Lessor or the Responsible Entity hold for the due performance of the obligations of the Lessee under this Lease and may be enforced without the Lessor or the Responsible Entity first having recourse to such security and without taking any steps or proceedings against the Lessee;
- 14.14.1.2 this Guarantee is fully effective even if action cannot be taken or enforced against the Lessee;
- 14.14.1.3 no representation inducing the giving of this Guarantee or affecting this Guarantee has been given;
- 14.14.1.4 the Guarantor has received, before execution of this Guarantee, a copy of this Lease and has had adequate opportunity to read this Guarantee and this Lease and obtain independent legal advice with respect to those documents and their effect;
- 14.14.1.5 any payment made by the Lessee which is void or illegal and subsequently refunded, will be deemed not to have discharged the Guarantor's liability in respect of that payment;
- 14.14.1.6 the obligations of the Guarantor will not merge in any judgment or security obtained by the Lessor or the Responsible Entity against the Lessee;
- 14.14.1.7 the obligations of the Guarantor will not be in any way conditional or dependent upon the validity or enforceability of the covenants and obligations on the part of the Lessee or any other person;
- 14.14.1.8 the covenants and obligations are and will remain, of full force and effect as against any Guarantor who has signed this Guarantee even if:
 - 14.14.1.8.1 it has not been signed by any other Guarantor;
 - 14.14.1.8.2 it is invalid and unenforceable against any other Guarantor;
 - 14.14.1.8.3 any other Guarantor dies or becomes incapable; or
 - 14.14.1.8.4 the liability of any other Guarantor ceases; and
- 14.14.1.9 the obligations of the Guarantor extend to any licence signed by the Lessee in conjunction with the Lease.

14.14.2 The Guarantor warrants to the Lessor and the Responsible Entity that the Guarantor has full and unrestricted power to enter into this Guarantee.

15. BANK GUARANTEE

15.1. Lessee to deliver bank guarantee

On or before the Date of Commencement, the Lessee must deliver to the Lessor the Bank Guarantee. The Bank Guarantee must cover all the Lessee's obligations under this Lease and the Bank Guarantee must not have an expiry date.

15.2. Lessor may call on bank guarantee

If the Lessee fails to comply with any of its obligations under this Lease (including any extension, renewal or holding over), then the Lessor may call on the Bank Guarantee provided the Lessor has given notice specifying the breach and allowing the Lessee a reasonable period (being not less than 14 days) to remedy the breach of the Lease and the Lessee has failed to so remedy the breach of the Lease during that reasonable period. Any call by the Lessor on the Bank Guarantee will not operate to waive the Lessee's breach and will not prejudice any other right of the Lessor arising upon a default.

15.3. Replacement bank guarantee on call or rent increase

If the Lessor calls on the Bank Guarantee or the Rent is increased, then no later than 14 days after the Lessor gives the Lessee a notice asking for it, the Lessee must deliver to the Lessor a replacement or additional Bank Guarantee so that the Lessor holds one or more Bank Guarantees which together are for the amount required at the time of the Lessor's notice as the Bank Guarantee Amount under Item 20 of the Reference Data.

15.4. Return of bank guarantee

The Lessor's right to call on the Bank Guarantee does not end when the Lease expires or is terminated. In addition to the Lessor's other rights under this clause 15, the Lessor may use the Bank Guarantee for outstanding amounts payable by the Lessee or which may become payable (including damages) under this Lease (even if expired or terminated). The Lessor must refund any unused part of the money paid under the Bank Guarantee to the Lessee or return any uncalled Bank Guarantee no later than the earlier of 3 months after the date of expiration of this Lease or 10 Business Days after the date on which all of the Lessor's claims against the Lessee have been determined and the Lessor has received all amounts which are or may become payable to the Lessor by the Lessee under this Lease.

15.5. Replacement bank guarantee on transfer

If the Lessor transfers or otherwise assigns the Land, the Lessee must, within 14 days of being given notice of the transfer or intended transfer, deliver to the Lessor a new Bank Guarantee in favour of the transferee or assignee of the Land, in exchange for the Bank Guarantee held by the Lessor, at the Lessee's reasonable cost.

15.6. Obligations are essential

The Lessee's obligations under this clause are essential terms of this Lease.

16. CROSS DEFAULT – Intentionally Deleted

17. VARIATION TO STANDARD TERMS

The Standard Conditions of this Lease are varied as set out in Schedule B Special Conditions.

SCHEDULE A

MARKET REVIEW

A.1 FURTHER DEFINITIONS

In this Lease unless the contrary intention appears:

Appointment Date means the date the person appointed under clauses A.7 or A.8 gives notice that the person agrees to act as Valuer.

Australian Property Institute means the Home State Division of the Australian Property Institute.

Criteria means the matters described in clause A.12.

Current Market Rent means the Rent based on the Criteria.

Dispute Notice means a written notice given by the Lessee to the Lessor under clause A.5.

Notice of Appointment means a written notice given by the Lessor to the person appointed as Valuer, under clause A.9.

Notice of Nomination means a written notice given by the Lessor to the Lessee under clause A.7(b).

President's Notice means a written notice given by the president or other principal officer of the Australian Property Institute to each of the Lessor and the Lessee under clause A.8.

Review Assessment means the assessment of the Current Market Rent as specified in the Review Notice.

Review Notice means a written notice given by one party to the other party under clause A.5.

Valuer means a person appointed under clause A.7 or clause A.8 to determine the Current Market Rent.

A.2 MARKET REVIEW

Market Review Date

On each Market Review Date, the Rent will be reviewed to an amount being the Current Market Rent.

Interim Market Review Date

On an Interim Market Review Date, the Rent will be reviewed to an amount being the Current Market Rent, provided that, it is not:

- (a) less than the Rent payable immediately prior to the Market Review Date decreased by the Market Review Maximum Percentage Decrease as specified in Item 10 of the Reference Data; or
- (b) more than the Rent payable immediately before the Market Review Date increased by the Market Review Maximum Percentage Increase as specified in Item 10 of the Reference Data.

The determination of Current Market Rent will take place under clauses A.3 to A.14 and the parties agree that the rent may decrease on a market review of the rent provided that on an Interim Market Review Date the rent must not decrease by more than the Rent payable immediately prior to the Interim Market Review Date decreased by the Market Review Maximum Percentage Decrease as specified in Item 10 of the Reference Data or increase by more than the Rent payable immediately

prior to the Interim Market Review Date increased by the Market Review Maximum Percentage Increase as specified in Item 10 of the Reference Data.

A.3 REVIEW NOTICE

Either party may at any time prior to or within 6 months after a Market Review Date, give a Review Notice to the other party advising the amount of the Review Assessment. If a Review Notice is given, the Rent as reviewed under A.2 will be payable on and from the relevant Market Review Date.

A.4 MARKET INTERIM RENT

Unless and until there is agreement or a determination to the contrary under clauses A.5 to A.14, the Lessee must continue to pay the same Rent payable immediately prior to the Market Review Date.

A.5 DISPUTE NOTICE

The receiving party of the Review Notice may within 20 Business Days after the date the Review Notice is given, by a Dispute Notice dispute that the Review Assessment is the Current Market Rent. Time is of the essence of this clause A.5.

A.6 DETERMINATION OF DISPUTE BY AGREEMENT

- (a) If a Dispute Notice is given, the Lessor and the Lessee must negotiate in good faith and endeavour to agree upon the Current Market Rent within 20 Business Days of the Dispute Notice being given.
- (b) If the Lessor and the Lessee agree on the amount of the Current Market Rent there is no need for the appointment of a valuer or a valuation as set out in this Schedule A.

A.7 AGREED APPOINTMENT OF VALUER

- (a) If the Lessor and the Lessee do not agree upon the Current Market Rent within the period referred to in clause A.6, the determination of the Current Market Rent must be referred to a Valuer appointed under this clause A.7.
- (b) The Lessor and the Lessee must each give to the other a Notice of Nomination nominating 3 persons acceptable to the Lessor or the Lessee (as the case may be) to be appointed as the Valuer within 10 Business Days after the expiry of the period referred to in clause A.7(a).
- (c) The Lessor and the Lessee must negotiate in good faith and endeavour to agree upon the identity of the Valuer from the 6 persons nominated under clause A.7(b) within 10 Business Days after the date the last Notice of Nomination is given.
- (d) If the Lessor and the Lessee cannot agree upon the identity of the Valuer within the time period referred to in clause A.7(c), then the Valuer will be appointed under clause A.8.

A.8 ALTERNATE APPOINTMENT OF VALUER

If a Valuer is not appointed under clause A.7, then either the Lessor or the Lessee must request the president or other principal officer for the time being of the Australian Property Institute to immediately give a President's Notice nominating a person, who complies with clauses A.10(a), A.10(b) and A.10(c), and which nomination must not include any valuer nominated by the Lessee or the Lessor under clause A.7, to act as the Valuer.

A.9 NOTICE OF VALUER'S APPOINTMENT

Upon the appointment of a person under clause A.7 or clause A.8 as the Valuer, the requesting party under A.8 (*Requesting Party*) will immediately give a Notice of Appointment notifying the person so appointed of the appointment. The Requesting Party must deliver to that person with the Notice of Appointment, a copy of this Lease. The Requesting Party will immediately give a copy of the Notice of Appointment to the other party.

A.10 VALIDATION OF VALUER'S APPOINTMENT

A Valuer appointed under this clause must:

- (a) be, at all times during the currency of the appointment, a member of the Australian Property Institute;
- (b) have, as at the date of the appointment, not less than 5 years personal practice as a valuer carrying out valuations of childcare facilities in one or more States of Australia, the last year of which involved from time to time formal valuations of premises for market rental and capital value purposes;
- (c) not be prohibited or restricted, at any times during the currency of the appointment, from undertaking the determination; and
- (d) agree to act in conformity with clauses A.11 and the Criteria by written notice to the Lessor before the Notice of Appointment is given; and
- (e) agree to provide a detailed written rental valuation report specifying the premises, the lease, market conditions and market rental evidence utilised in determining the Current Market Rent and the reasons for the comparability or lack thereof and how they were applied to the Premises, including but not limited to, any adjustments made for comparative purposes.

A.11 DETERMINATION BY VALUER

The Valuer must determine the Current Market Rent. The Valuer will act as an expert and not as an arbitrator and any statute relating to arbitration will not apply. The Lessor and the Lessee may make written submissions to the Valuer as to the Current Market Rent within 10 Business Days from the Appointment Date. The Lessor and the Lessee must be given a copy of all submissions and may make further submissions within 10 Business Days of receiving a copy of the submissions made by the other party. The Valuer must make a determination of the Current Market Rent within 30 Business Days from the Appointment Date based on the Criteria. The Valuer must give to the Lessor and the Lessee within such 30 Business Day period written notice of the Current Market Rent so determined in accordance with clause A.10(e) and the basis upon which the determination was made together with reasons for the determination specifying matters taken into account in making the determination.

A.12 CRITERIA FOR DETERMINING THE CURRENT MARKET RENT

- (a) Where this clause applies, the Current Market Rent must be assessed, agreed or determined:
 - (i) having regard to the terms and conditions of this Lease (other than the amount of Rent payable under this Lease);
 - (ii) having regard to the current market rental as at the relevant Market Review Date of any comparable premises and whether that current market rental has been agreed or determined upon a review of the rent payable or upon the grant of a demise in respect of those comparable premises;
 - (iii) having regard to the period which elapses between the relevant Market Review Date and the next Market Review Date together with any other periodic rental review mechanism or, if there is no further Market Review Date, the last day of the Lease Term;
 - (iv) having regard to the length of the whole of the Lease Term (disregarding the elapsed part of the Lease Term) and any Further Term;
 - (v) adopting the number of children approved under the Service Approval at the Date of Commencement of this Lease or any higher number permitted under both the Service Approval and any planning approval as at the Market Review Date;

- (vi) assuming, if the Building or the Premises are destroyed or damaged on or prior to the relevant Market Review Date, that the Building and the Premises have been restored under the terms of this Lease;
 - (vii) assuming, that all of the covenants of this Lease have been fully observed and performed, in particular the repair, maintenance, Redecoration and refurbishment provisions of this Lease;
 - (viii) assuming that the Premises have been refurbished in the last 3 months of the Lease and the Premises and all plant and equipment, essential services and all Lessor's fittings are in a good and serviceable condition;
 - (ix) having regard to any other matter which may be relevant to the determination unless excluded or negated under this clause A.12. If the Current Market Rent is determined by the Valuer, the Valuer's decision as to what other matters are relevant or not relevant will be binding upon the Lessor and the Lessee;
 - (x) disregarding:
 - (A) the goodwill of the Lessee's business conducted from the Premises; and
 - (B) the Lessee's property and all improvements which the Lessee has made to the Premises and which the Lessee is required to remove at the end of the Term (except to the extent that the cost of such improvements was paid, or contributed to, by the Lessor);
 - (xi) assuming that the Premises are fit for the Permitted Use and capable of being licensed, approved or sanctioned by the Regulatory Authority for the purposes of licensing or government funding; and
 - (xii) assuming that it is the Lessor's and the Lessee's express requirement that no reduction or adjustment will be made to the Current Market Rent on account of any inducement provided or to be provided to the Lessee to secure it as a lessee of the Premises or to any other lessee in relation to the taking of a lease of any other premises whether or not those premises are substantially similar to the Premises.
- (b) In assessing, agreeing upon or determining the Current Market Rent the following matters must be disregarded so that the Current Market Rent is assessed, agreed upon or determined without any reduction on account of such matters:
- (i) any period of rent abatement or reduction or other concession, inducement or arrangement, of whatsoever nature, agreed to secure in whole or in part a Lessee of any premises considered comparable or worthy of comparison;
 - (ii) any period of rent abatement or reduction or other concession, inducement or arrangement, of whatsoever nature, agreed to secure in whole or in part the demise to the Lessee of the Premises;
 - (iii) any breach by the Lessee of any term of the Lease on the Lessee's part which may adversely affect the condition or rental value of the Premises. If the Current Market Rent is determined by the Valuer, the Valuer's decision as to what breaches adversely affect the condition or rental value of the Premises will be binding on the Lessor and the Lessee;
 - (iv) any alterations made to the Premises by the Lessee which may adversely affect the condition or rental value of the Premises. If the Current Market Rent is determined by the Valuer, the Valuer's decision as to what alterations adversely affect the condition or rental value of the Premises will be binding upon the Lessor and the Lessee;
 - (v) any reduction in the number of licensed childcare places since the Date of Commencement;

- (vi) any rent, fee or money received by any person under any sub-lease, sub-tenancy or occupation arrangement in respect of the Premises (other than this Lease) whether approved or not; and
 - (vii) the value of any goodwill attributable to the Lessee's business or any fixtures or fittings within the Premises owned, hired or leased (other than from the Lessor) by the Lessee.
- (c) In this clause A.12, inducement includes any inducement or incentive provided by the Lessor in respect of the Lessee's entry into this Lease or any renewal of this Lease and includes any payment, transfer of property, fit-out of premises or provision of services, assumption of obligation, rent moratorium or reduction, loan or gift.

A.13 DETERMINATION TO BE BINDING

- (a) The Current Market Rent agreed upon or determined under clauses A.5 , A.3 to A.12 will be binding upon the Lessor and the Lessee and will be the Rent payable by the Lessee on and from the Market Rent Review Date, provided that the amount is not greater or lesser than the minimum and maximum amounts determined under clause A2, in which case the provisions of A2 will prevail.
- (b) Within 7 Business Days of the Current Market Rent being agreed upon or determined under clauses A.3 to A.12, the Lessor and the Lessee must make any necessary adjustments between rent paid by the Lessee under clause A.4 and the Rent actually payable as determined in accordance with clause A.2.

A.14 COSTS OF DETERMINATION

The Lessor and the Lessee must pay their own costs of and incidental to the agreement or determination of the Current Market Rent. The costs of the Valuer must be paid equally by the Lessor and the Lessee.

A.15 EACH PARTY TO PAY DEFICIENCY TO THE OTHER PARTY

If the Current Market Rent agreed upon or determined under clauses A.3 to A.12 is greater or less than the amount payable under clause A.4, the party that is responsible to pay must pay to the other party on demand the amount being the difference between the amount paid since the date calculated under clause A.3 and the amount which would have been payable had the amount so agreed or determined been the amount paid from the date calculated under clause A.3.

A.16 BASE RENT MODIFICATION

For the purposes of this Schedule A, in the calculation of the Rent payable immediately preceding any Market Review Date any reduction in the amount of that Rent due to any agreement between the Lessor and the Lessee whether under the terms of this Lease or elsewhere in respect of any rent free period or rent reduction period or due to any abatement of rent, suspension of the obligation to pay rent, or the delay in any prior review of the Rent must be disregarded.

SCHEDULE B

18. SPECIAL CONDITIONS

The Standard Conditions of this Lease are varied by the provisions of clause 18.

18.1. When clause applies

Clause 18 only applies whilst the Lessee is Think Ellenbrook 6069 Pty Ltd ACN 645 584 809, Listco or a Listco Nominee, and will cease to apply if this Lease is assigned to another Incoming Tenant (other than to Listco or a Listco Nominee) under clause 10. If there is any inconsistency as between this clause 18 and any other provision in the Lease, clause 18 will apply to the extent of such inconsistency.

18.2. Variations to Lease

Whilst clause 18.1 applies, this Lease is varied as follows:

18.2.1 Item 20 of the Reference Data is deleted and replaced with:

*Item 20	Bank Guarantee Amount:	An amount equal to 6 months' (or, while the Guarantor is Think Childcare Development Limited ACN 635 178 166 or LEA Childcare Services Pty Ltd ACN 601 210 833, 3 months') Rent and Outgoings Contribution payable under this Lease from time to time plus GST on such amounts. The amount of the Bank Guarantee shall be updated every three (3) years from the Date of Commencement of the Lease to reflect an amount equivalent to 6 months' (or, while the Guarantor is Think Childcare Development Limited ACN 635 178 166 or LEA Childcare Services Pty Ltd ACN 601 210 833, 3 months') Rent and Outgoings Contribution plus GST on those amounts, at the then current Rent and Outgoings Contribution, at the request of the Lessor."
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18.2.2 Clause 1.2 definitions inserted:

*Asbestos	means the fibrous form of the mineral silicates belonging to the serpentine and amphibole groups of rock forming minerals, including actinolite, amosite (brown asbestos), crocidolite (blue asbestos), chrysolite (white asbestos), tremolite, or any mixture containing one or more of these minerals."
*Bank	means the relevant financier of Listco."
*Bank's Requirements	means the documents the Bank requires Listco to ensure that the Lessor enters into giving the Bank certain rights in relation to the Lease and the Premises, being: (a) a mortgage of Lease in a form reasonably required by the Bank (and in a form acceptable to the Landlord, acting reasonably); and (b) a tripartite deed between the Bank, the Lessor and either Listco or the Listco Nominee providing the Bank step-in rights in the event of default by the lessee or Listco Nominee (as applicable) under this Lease in a form reasonably required by the Bank (being the applicable form set out in Schedule D) and in a form acceptable to the Landlord, acting reasonably."

- "Contaminant"* includes Asbestos and Hazardous Diseases and anything that presents or may present a direct or indirect risk or harm to the human health or the Environment."
- "Environment"* means all components of the earth, including:
- (a) land, air and water and any living organism in any of them;
 - (b) the atmosphere;
 - (c) any organic or inorganic matter; and
 - (d) human-made areas."
- "Hazardous Disease"* includes any disease, bacteria, virus or foreign matter which may create an immediate risk to the health or safety of the human health."
- "Group"* means, in relation to a body corporate, that body corporate and all of its Related Body Corporates."
- "Listco"* means Think Childcare Limited ACN 600 793 388 or Think Childcare Development Limited ACN 635 178 166."
- "Listco Nominee"* means the entity nominated by Listco and which is a member of Listco's Group (other than the initial Lessee under this Lease)."

- 18.2.3 Clause 4.2.2 is amended by adding the following phrase at the end of the subclause:
 ", and the Lessor agrees that if a payment is required from the Lessee for any deficiency, it will issue a GST tax invoice to the Lessee which is payable 30 days after the date of issue."
- 18.2.4 Clause 5.7.8 is deleted.
- 18.2.5 Clause 5.12.2 is deleted.
- 18.2.6 The Lessor and the Lessee acknowledge that the Lessee has appointed one of the following to manage or operate the business operated at the Premises being Think Childcare Services Pty Ltd ABN 14 160 028 277, or Listco or a Related Body Corporate of Listco or a Related Body Corporate of the Lessee, and provided that this circumstance does not change, then the following clauses are amended:
- 18.2.6.1 New clause 10.1.5 is inserted as follows:
- "10.1.5 The Lessee is permitted to appoint a manager or agent to manage or operate the whole or a substantial part of business of the Lessee conducted from the Premises, provided that the manager or agent is Think Childcare Services Pty Ltd ABN 14 160 028 277, or a Related Body Corporate of the Lessee, Listco, or is a member of the Listco Group."
- 18.2.6.2 Clause 10.2.1.1.2 is amended by inserted the following sentence at the end:
- "The Lessee is permitted to appoint a manager or agent to manage or operate the whole or a substantial part of business of the Lessee conducted from the Premises, provided that the manager or agent is Think Childcare Services Pty Ltd ABN 14 160 028 277 or a Related Body Corporate of the Lessee, or is Listco or is a member of the Listco Group."
- 18.2.6.3 Clause 5.17 is deleted and replaced with:
- "5.17 Service Approval**

- 5.17.1 The Lessee must procure that the Approved Provider keeps the Service Approval for the Premises current and in full force and effect during the Lease Term, any Further Term, any extension or renewal of this Lease or during any period of holding over under it, and despite any other provision of this Lease, the Lessor acknowledges that the holder of the Service Approval will be Think Childcare Services Pty Ltd ABN 14 160 028 257 (or another Related Body Corporate (as that term is defined in the Corporations Act) of Think Childcare Services Pty Ltd or the Lessee).
- 5.17.2 The Lessee must procure that the Approved Provider provides education and care services for the number of children permitted under the Service Approval issued in relation to the Premises as at the Date of Commencement of the initial Lease Term (subject to any permitted variations under this Lease). The Lessee must procure that the Approved Provider complies with the terms and conditions of the Service Approval issued in relation to the Premises in providing education and care services from the Premises.
- 5.17.3 The Lessee must procure that the Approved Provider complies with all obligations under the relevant laws of the Home State relating to the education and care services business conducted on the Premises, including, without limitation, maintenance, health and safety obligations.
- 5.17.4 The Lessee must provide the Lessor with a copy of the Service Approval(s) to operate the education and care services for children carried out on the Premises within 5 business days of a request by the Lessor.
- 5.17.5 The Lessee must not apply (and must ensure that the Approved Provider does not apply) to vary the key terms of the Service Approval without the prior written consent of the Lessor which will not be unreasonably withheld except that the Lessor may refuse consent to any proposed variation to reduce the number of children approved under the Service Approval.
- 5.17.6 Neither party must make (and the Lessee must ensure the Approved Provider does not make) an application to any Relevant Authority that will affect the number of children approved under the Service Approval without the consent of the other party.
- 5.17.7 If any variation to the key terms of the Service Approval occurs, the Lessee must promptly give to the Lessor a copy of the Service Approval (as varied) together with a copy of the current floor plans and measurements of the Premises.
- 5.17.8 The Lessee must procure that the Approved Provider does all acts or things as are necessary to procure the renewal of the Service Approval.
- 5.17.9 The Lessee must promptly notify the Lessor if:
- 5.17.9.1 the Service Approval(s) is amended (with respect to the number of child places) suspended or cancelled; or
 - 5.17.9.2 the Regulatory Authority has notified the Lessee that or the Approved Provider that:

- 5.17.9.2.1 the suspension or cancellation of the Service Approval(s) or the Provider Approval is imminent; or
- 5.17.9.2.2 there has been a breach of the Service Approval or the Provider Approval which affects the Building or the Premises; or
- 5.17.9.2.3 the terms of the Service Approval(s) is varied with respect to the number of child places; or
- 5.17.9.2.4 a show cause notice has been issued in relation to the Building or the Premises.

5.17.10 If the Lessee or the Approved Provider receives a notice from the Regulatory Authority of a type specified in clause 5.18.9, the Lessee must:

5.17.10.1 do all things necessary to prevent suspension, cancellation or variation (without the Lessor's consent) of the Service Approval or the Provider Approval by complying with the show cause or other notice or exercising all objection or appeal rights which may be available to the Approved Provider (as the case may be); and

5.17.10.2 at the request of the Lessor, update the Lessor about the progress of ensuring the Service Approval or the Provider Approval is not suspended, cancelled or varied (without the Lessor's consent) including providing copies of all correspondence received or given to the Regulatory Authority provided that such disclosure does not cause the Approved Provider to be in breach of any applicable law."

18.2.7 Clause 5.23 is inserted:

"5.23 **Contaminant**

5.23.1 The Lessor warrants that to the best of its knowledge that no Contaminant exists in the Land or the Premises as at the Date of Commencement.

5.23.2 In the event that any Contaminant is at any time discovered in the Land or the Premises:

5.23.2.1 if discovered by the Lessee, the Lessee to promptly notify the Lessor and the Relevant Authority (only if the Relevant Authority is required to be notified by law) of the discovery; or

5.23.2.2 if discovered by the Lessor, the Lessor to promptly notify the Lessee and the Relevant Authority (only if the Relevant Authority is required to be notified by law) of the discovery.

5.23.3 If the presence of the Contaminant has been caused by the Lessor in a negligent act during construction or post construction of the Building on the Land

5.23.3.1 the Lessor must, at its cost, clean up the Contaminant and do everything reasonably necessary to minimise harm; and

5.23.3.2 the Lessor must, at its cost, promptly comply with any notice, order, direction or requirement of any Relevant Authority in relation to any such Contaminant,

however the Lessor has no liability for and is not responsible for any clean up of any Contaminant in relation to any historical contamination, unless the Lessor was aware (or ought reasonably to have been aware) of such contamination.

5.23.4 If the presence of the Contaminant is attributable to the act, omission, negligence or default of the Lessee or the Lessee's employees

5.23.4.1 the Lessee must, at its cost, clean up the Contaminant and do everything reasonably necessary to minimise harm; and

5.23.4.2 the Lessor and the Lessee must co-operate, at the Lessee's cost, to promptly comply with any notice, order, direction or requirement of any Relevant Authority in relation to any such Contaminant."

18.2.8 Clause 6.1.3.5 is deleted and replaced with:

6.1.3.5 Redecorate whenever reasonably required by the Lessor within 3 months of written request by the Lessor but not more than,

6.1.3.5.1 in relation to (a) to (c) of the definition of Redecorate, once during every period of 5 years since Redecoration last occurred and, in any case, Redecorate during the last 3 months of the Lease Term; and

6.1.3.5.2 in relation to subparagraph (d) of Redecorate definition, the covenants are only required to be complied with once in every 7 year period, in consultation with the Lessor.

18.2.9 Clause 6.2.2 is amended to add the following words:

" , provided that such reports confirm the Lessee have not complied with its obligations under this Lease. For the avoidance of doubt, if the reports confirm that the Lessee is in compliance with the Lease, the costs of the reports shall be the responsibility of the Lessor."

18.2.10 Clause 6.5A is inserted:

6.5A Lessor's Obligation to Repair

6.5A.1 The Lessor must:

6.5A.1.1 rectify as soon as practicable any Structural Repairs required to be effected by the Lessor under clause 6.1.2; and

6.5A.1.2 maintain the Premises and the Building in a good, structurally sound, safe and watertight condition throughout the Lease Term,

except where such repairs are required as a result of any act, omission, negligence or default of the Lessee or the Lessee's Agents and except to the extent that the Lessee is required to maintain and repair under the provisions of this Lease."

18.2.11 Clause 6.6A is inserted:

"6.6A Lessee may rectify Lessor's repair failure

6.6A.1 If the Lessor fails to effect a repair under clause 6.5A within a reasonable period (having regard to the extent and nature of the required repair works (such notice period being in an emergency not less than 48 hours)) after receipt of a notice from the Lessee with details of the required repairs, the Lessee may then effect that repair and recover from the Lessor the costs directly related to that repair, as a debt or by a set-off against Rent or other moneys payable by the Lessee under this Lease.

6.6A.2 The Lessee must use its best endeavours to minimise the costs it incurs in exercising its rights under clause 6.6A.1, and must ensure that such repairs are of a high quality."

18.2.12 Clause 6.5.2.7 is deleted.

18.2.13 Clause 6.7 is inserted as follows

"6.7 Change in Permitted Use

6.7.1 The parties acknowledge that the land and improvements have a current development approval for use as a long day child care centre and that an occupation certificate has issued for that use.

6.7.2 If during the Lease Term or any Further Term, the Lessee establishes that child care is not the highest and best use of the Premises and the Lessee wishes to use the Premises for a use other than the Permitted Use (*New Use*), the Lessee may apply to the Lessor for consent to use the Premises for the *New Use*, which consent will not be unreasonably withheld or delayed by the Lessor. It will not be unreasonable for the Lessor to make its consent subject to such amendments to this Lease as the Lessor may reasonably require in connection with the *New Use*.

6.7.3 If the Lessor consents to a change in Permitted Use during the Lease Term or any Further Term, then in addition to any other conditions imposed by the Lessor at the time of granting consent (acting reasonably) the following conditions will apply:

6.7.3.1 the Lessee must obtain any necessary consents from all Relevant Authorities to enable the use of the Premises for the *New Use* and must pay all associated costs, levies, fees and charges whether assessed against the Lessee, the Lessor or any other person;

6.7.3.2 the Lessee must at its own cost carry out any alterations required as a condition of consent to the *New Use* from a Relevant Authority and in that regard, clause 6.5 will apply to any alterations or additions;

6.7.3.3 when this Lease expires or on termination for any reason after the Permitted Use has changed to the New Use, unless the Lessor requires otherwise:

6.7.3.3.1 the Lessee will apply for and do all things reasonably necessary to obtain from all Relevant Authorities all consents and approvals required to return the Premises to the original Permitted Use (as a long day child care centre with childcare places permitted under a Service Approval for not less than the maximum number of children permitted under the development approval for the Land at the Date of Commencement, (or if no maximum number of children are specified, then 87 children) aged 6 and under or other ratio as required under the Act or relevant regulations) and will pay all amounts required to be paid to all Relevant Authorities whether or not those amounts are directly assessed against the Lessor, the Lessee or a third party; and

6.7.3.3.2 the Lessee will at its own cost reinstate the Premises and carry out all works required to enable a Service Approval as a long day child care centre to issue for the Premises for not less than the maximum number of children permitted under the development approval for the Land at the Date of Commencement, (or if no maximum number of children are specified, then 87 children) aged 6 years and under or other ratio as required under the Act or relevant regulations.

6.7.4 Nothing in this clause requires the Lessor to carry out structural alterations or improvements to the Premises in relation to the Lessee's New Use, or to consent to more than one change in the Permitted Use during the Lease Term.

6.7.5 The Lessee indemnifies and will keep indemnified the Lessor against any and all liabilities, losses and expenses incurred or payable by the Lessor due to a breach of this clause 6.7.

18.2.14 Clause 12.1 is amended by adding the following sentence at the end of clause 12.1:

"Despite clause 12.1 and any other provision of this Lease, whilst the Lessee is Think Ellenbrook 6069 Pty Ltd ACN 645 584 809 or a Listco Nominee, the Lessee will not be in default under this Lease in relation to non-payment of Outgoings Contribution until the date 30 days after the issue of the relevant Lessor's tax invoice."

18.2.15 Clause 14.8 is deleted.

18.2.16 Clause 14.15 is inserted as follows:

***14.15 Guarantor**

Whilst the Lessee is Think Ellenbrook 6069 Pty Ltd ACN 645 584 809 or a Listco Nominee:

14.15.1 If the Lessor grants its consent under clauses 10 or 18.3 to the Lessee's assignment of the Lease to:

14.15.1.1 an Incoming Tenant who is a Listed Corporation, Listco or Listco Nominee, then the Guarantor will be released on assignment;

14.15.1.2 an Incoming Tenant who is a wholly owned subsidiary of a Listed Corporation (including a member of the Listco Group), then the Guarantor will be released on assignment if a corporate guarantee from the Listed Corporation is provided or alternatively if other personal guarantees and indemnities are provided from directors and shareholders of the Incoming Tenant; and

14.15.1.3 an Incoming Tenant who is not a Listed Corporation or wholly owned subsidiary of a Listed Corporation, then the Guarantor will be released on assignment if personal guarantees from all directors or shareholders, or a corporate guarantee acceptable to the Lessor in its sole discretion is provided.

14.15.2 Whilst the Guarantor is Think Childcare Development Limited ACN 635 178 166 or LEA Childcare Services Pty Ltd ACN 601 210 833, the Guarantor's liability under clause 14 of this Lease is capped to an amount equivalent to 12 months' Rent payable under this Lease from time to time plus GST on such amount."

18.3. Bank's Requirements and Transfer to Listco Nominee

18.3.1 The Lessee may with the prior written consent from the Lessor (which consent will not be withheld provided that its consent conditions in this clause 18.3.1 are complied with in full), transfer this Lease to Listco or to a Listco Nominee subject to:

18.3.1.1 the Lessee giving the Lessor prior written notice of the transfer, including full details of the assignee and its relationship with Listco;

18.3.1.2 if the assignee is not a Listed Corporation or a Listco Nominee which in the reasonable opinion of the Lessor is financially sound and has the financial capacity to satisfy the Lessee's obligations pursuant to this Lease, a corporate guarantee being provided by a Listco Nominee (provided the Listco Nominee providing the corporate guarantee must in the reasonable opinion of the Lessor be financially sound and have the financial capacity to satisfy the Lessee's obligations pursuant to this Lease) or by the holding company of a Listed Corporation which must include clauses similar to clause 14, or alternative corporate or personal guarantees and indemnities being provided for the benefit of the Lessor (in a form acceptable to the Lessor acting reasonably);

18.3.1.3 the Lessee executing a deed of assignment of lease or a deed of consent to change of control (at the absolute discretion of the Lessee (as applicable)) with the assignee and the Lessor in the form materially similar to the assignment of lease or deed of consent to change of control attached to this Lease as Schedule C (as applicable), and which must include clauses similar to clause 14 of this Lease;

- 18.3.1.4 the Lessee paying the Lessor's reasonable legal costs of reviewing and arranging execution of the documents in clause 18.3.1.3 and the Bank's Requirements and replacement deed of guarantee and indemnity or corporate guarantee to be provided pursuant to the provisions of this clause 18;
- 18.3.1.5 if the assignee is a Listed Corporation, then the Guarantor will be released on assignment; and
- 18.3.1.6 the Lessee paying the Lessor's reasonable costs of obtaining the Lessor's mortgagee's consent if required by the Lessor or the Lessee,

in which event the Lessor will execute the deed of assignment of lease referred to in clause 18.3.1.3 and the Bank's Requirements within a reasonable time of its receipt from the Lessee.

- 18.3.2 In the circumstances of an assignment to Listco Nominee (and as of the date of that occurring) the documents constituting the Bank's Requirements will be executed and the Lessor will do all things reasonably necessary to assist with registration of the Bank's interest in the Lease on title, including production of the relevant title deed and obtaining consent from the Lessor's own financier (as relevant), at the Lessee's cost.

18.4. Agreement for Lease - Intentionally deleted

18.5. Offer to Purchase

- 18.5.1 If the Lessor decides to sell the Land it may notify the Lessee of its decision to sell.
- 18.5.2 If the Lessee does not provide an offer to purchase the Land acceptable to the Lessor within 14 Business Days of receipt of the Lessor's notice under 18.5.1, then the Lessor may sell to any party on whatever terms it chooses without further notice to the Lessee.

18.6. Laws relating to children education and care services

If a provision of this Lease conflicts with a provision of the Act and would result in the Approved Provider breaching its Service Approval or Provider Approval or the cancellation of its Service Approval or Provider Approval to operate a childcare centre from the Premises, then the provisions of the Act will prevail.

18.7. Car Parking

- 18.7.1 The Lessor grants to the Lessee the exclusive rights to use the Car Park at no cost to the Lessee or its employees, contractors or customers. For the purposes of this clause 18.7, Car Park means those parts of the land designated by the Lessor for car parking.
- 18.7.2 During the term of this Lease:
 - 18.7.2.1 the Lessor will (at its own cost) be responsible for all capital or structural repairs to the surfaces of the Car Park including, but not limited to, patching of any potholes; and
 - 18.7.2.2 the Lessee will (at its own cost) be responsible for:
 - 18.7.2.2.1 maintaining the ground markings for the car spaces in the Car Park, including but not limited to, re-painting of the car parking markings on the surfaces of the Car Park when faded; and
 - 18.7.2.2.2 subject to clause 18.7.2.1, carrying out any other maintenance and repairs required to enable the use of the Car Park by the Lessee, the Lessee's Employees and invitees.
- 18.7.3 The Lessee will keep the Car Park clean and tidy and in a good condition (fair wear and tear excepted).

18.8. Planning and Development Act 2005 WA

- 18.8.1** If required and if it has not already done so, the Lessor within three months after the Date of this Lease shall apply to the Western Australian Planning Commission (**WAPC**) for consent under section 140(1)(b) of the Planning and Development Act 2005 (WA).
- 18.8.2** For the avoidance of doubt, if applicable, this Lease is conditional on that consent being obtained within 6 months of the date of the application being made to the WAPC. If that consent is not obtained within that period, this Lease shall come to an end and subject to the refund by the Lessor (to the Lessee) of any deposit or Security Bond or Security Amount paid by the Lessee (if applicable), neither party shall have any claim against the other under this Lease.

SCHEDULE C

Deed of consent to change of control; and

Assignment of lease

(clause 18.3 – Listco assignments)

Deed of consent to change in control

Premises: []

[]

and

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and

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and

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and

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This deed witnesses that in consideration of, among other things, the mutual promises contained in this deed the parties agree as follows:

Reference Schedule

Relevant Lease

Address	Real Property Description	Lease description
[]	[]	[]

1. Definitions and interpretation clauses

1.1 Definitions

In this Deed, unless otherwise indicated by the context:

Change of Control	has the meaning given in the Recitals.
Claims	includes any loss, damage, liability, claim, proceeding, demand, cost or expense.
Deed	means this deed.
Effective Date	means the Transaction Date.
Existing Guarantee and Indemnity	means the guarantee and indemnity in clause [] of the Relevant Lease.
New Guarantee and Indemnity	means the guarantee and indemnity in clause 3.2.
Premises	has the meaning given in clause [] of the Relevant Lease.
Relevant Lease	means the lease described in the Reference Schedule, and includes any amendment, variation or renewal.
State	means the state in which the Premises are located for the Relevant Lease.
Transaction	has the meaning given in the Recitals to this Deed.
Transaction Date	means date on which the Transaction completes.

1.2 Interpretation

In this Deed, unless otherwise indicated by the context:

- (a) the singular includes the plural and vice versa;
- (b) if a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding definitions;
- (c) any gender includes the other genders;

- (d) a reference to a right includes a benefit, remedy, discretion, authority or power;
- (e) a reference to an obligation includes a warranty or representation and a reference to a failure to observe or perform an obligation includes a breach of warranty or representation;
- (f) a reference to anything includes a part of that thing;
- (g) a reference to a statute, ordinance, code or other law includes regulations and other instruments under its and consolidations, amendments, re-enactments or replacements of any of them;
- (h) a party, clause or schedule is a reference to a party, clause or schedule of or to this Deed; and
- (i) a reference to this Deed or another instrument includes any variation or replacement of either of them.

1.3 Headings

Headings do not affect the interpretation of this Deed.

2. Consent and Confirmation

2.1 Consent

The Lessor consents to the Change in Control for all the purposes of the Relevant Lease subject to the terms of this Deed.

2.2 Conditions of Consent

18.8.3 The consent of the Lessor to the Change of Control:

- (a) is restricted to the Transaction;
- (b) does not extend to any further or other assignment, transfer, subletting, licensing, mortgaging, charging or other dealing concerning the Relevant Lease or any party to the Relevant Lease (whether or not the Lessor has knowledge of it);
- (c) is not a waiver of any breach by the Lessee or any other party under the Relevant Lease; and
- (d) does not otherwise vary the Relevant Lease or discharge any party from any one or more of them, except to the extent set out in this Deed.

2.3 Confirmation

The Lessor:

- (a) confirms that nothing in this Deed nor the Change in Control gives rise to:
 - (i) any breach of, or right to terminate, the Relevant Lease or the Existing Guarantee and Indemnity; or
 - (ii) any other obligation, claim or right whatsoever other than as set out in this Deed;
- (b) waives any and all rights it has to make a Claim under the Relevant Lease on account of the Change in Control;
- (c) covenants with the Transferor and the Transferee not to make any Claim or commence, or threaten to commence, any proceedings pursuant to its rights under the Relevant Lease on account of the Change of Control; and

- (d) confirms that the consent of any Lessor's mortgagee is not required for the Transaction.

3. Transferee

3.1 New Security

In consideration for the Lessor providing its consent to the Transaction, the Transferee agrees to provide security for the performance of the Lessee under the Relevant Lease by giving to the Lessor the New Guarantee and Indemnity.

3.2 New Guarantee and Indemnity

- (a) The Transferee gives this guarantee and indemnity in consideration of the Lessor agreeing to enter into this Deed.
- (b) The Transferee:
- (i) guarantees to the Lessor the performance by the Lessee of the Lessee's obligations under the Relevant Lease from and including the Transaction Date; and
 - (ii) indemnifies the lessor against any Claim of any kind and all damages and actions paid, incurred or suffered by the Landlord in respect of any breach by the Lessee of the Lessee's obligations under this Deed from and including the Transaction Date. It is not necessary for the Lessor to incur expense or make payment before enforcing that right of indemnity.
- (c) The provisions of the Existing Guarantee and Indemnity apply to the guarantee and indemnity in this clause 3.2 as obligations of the Transferee to the Lessor, with only those changes necessary for them to apply to this Deed.

4. Consent and Release of Existing Guarantor

4.1 Release and Consent to Transaction

- (a) Subject to completion of the Transaction, the Lessor releases the Transferor under the Existing Guarantee and Indemnity but only to the extent that the Existing Guarantee and Indemnity relates to obligations of the Lessee under the Lease that are due for performance from the day after the Transaction Date (**Release**).
- (b) The Release is without prejudice to any rights, claims, or causes of action the Lessor has now or at any time may have against the Transferor in respect of anything arising under the Lease up to and including the Transaction Date.

5. No assignment without consent

A party may not assign its rights pursuant to this Deed without the prior written consent of the other parties, which consent may not be unreasonably withheld.

6. Lessor's costs and Duty

- (a) The Transferor must pay the reasonable costs and expenses of the Lessor of and incidental to the Lessor's consent to the Change in Control, including without limitation:

- (i) the negotiation, preparation and execution of this Deed;
- (ii) the Lessor's and [Responsible Entity's] reasonable administration fees; and
- (iii) any applicable mortgagee's reasonable costs of consenting to the Transaction (if any).

(Lessor's Costs).

- (b) Nothing in this Deed prevents the Transferor from recovering the whole or any part of the Lessor's Costs from the Transferee under the terms of any agreement entered into between them.
- (c) The Transferor must pay all duty (including all fines, interest and penalties except those arising from the default of another party) in respect of this Deed and any transactions contemplated under this Deed or otherwise arising out of, or incidental to, this Deed.

7. Goods and Services Tax

7.1 Preliminary

Words or expressions used in this clause that are defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth) (**GST Act**) have the same meaning given to them in the GST Act.

7.2 GST exclusive

Unless otherwise stated, any amount specified in this Deed as the consideration payable for any taxable supply does not include any GST payable in respect of that supply.

7.3 Liability to pay GST

If a party makes a taxable supply under this Deed (**Supplier**), then the recipient of the taxable supply (**Recipient**) must also pay, in addition to the consideration for that supply, the amount of GST payable in respect of the taxable supply at the time the consideration for the taxable supply is payable.

7.4 Tax invoice

Notwithstanding clause 7.3, the Recipient is not obliged under this Deed to pay the amount of any GST payable until the Supplier provides it with a valid tax invoice for the taxable supply.

7.5 Adjustment event

If an adjustment event arises in relation to a taxable supply made by a Supplier under this Deed, the amount paid or payable by the Recipient pursuant to clause 7.3 will be amended to reflect this and a payment will be made by the Recipient to the Supplier or vice versa as the case may be.

7.6 Reimbursement of expenses

If a third party makes a taxable supply and this Deed requires a party to this Deed (**the payer**) to pay for, reimburse or contribute to (**pay**) any expense or liability incurred by the other party to that third party for that taxable supply, the amount the payer must pay will be the amount of the expense or liability plus the amount of any GST payable in respect thereof but reduced by the amount of any input tax credit to which the other party is entitled in respect of the expense or liability.

7.7 Non merger

This clause does not merge on completion of the Transaction and will continue to apply after termination of this Deed.

8. Governing law and jurisdiction

This Deed is to be governed and determined in accordance with the law of the State and the parties must submit to the jurisdiction of the Courts of the State.

9. Entire Deed

This Deed constitutes the entire agreement of the parties about its subject matter and any previous agreements, undertakings, negotiations, representations and warranties cease to have any effect from the date of this Deed.

10. Counterparts

- (a) This Deed may be executed in any number of counterparts, each signed by one or more parties. Each counterpart when so executed is deemed to be an original and all such counterparts taken together constitute one document.
- (b) A party that has executed a counterpart of this Deed may exchange that counterpart with another party by faxing or emailing it to the other party or the other party's legal representative and, if that other party requests it, promptly delivering that executed counterpart by hand or post to the other party or the other party's legal representative. However, the validity of this Deed is not affected if the party who has faxed or emailed the counterpart delays in delivering or does not deliver it by hand or by post.

11. Joint and several liability

- (a) An agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and severally.
- (b) An agreement, representation or warranty on the part of two or more persons binds them jointly and severally.

12. Survival of indemnities

Each indemnity in this Deed is a continuing obligation, separate and independent from the other obligations of the parties and survives termination of this Deed.

13. Enforcement of indemnities

It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity conferred by this Deed.

14. No Merger and survival

A party's right or obligation which is of a continuing nature or which is not fully satisfied and discharged on completion of any transaction contemplated by this Deed:

- (a) does not merge on completion of that transaction;
- (b) continues in favour of the party to which it is owed; and
- (c) remains in full effect.

15. [Limitation of Liability provision if applicable]



Signing Page

Executed as a deed.

Assignment of lease
(clause 18.3 – Listco assignments)

Assignment of lease

[#premises description]

(Existing Tenant)

(New Tenant)

(Landlord)

(Responsible Entity)

Information table

Date [•]

Parties

Name

ABN

Short form name **Existing Tenant**

Notice details

Name

ABN

Short form name **New Tenant**

Notice details

Name

ABN

Short form name **Landlord**

Notice details

Name

ABN

Short form name **Responsible Entity**

Notice details

Items

Item 1	Premises	#premises description
Item 2	Lease	The lease dated [#date] between [#name of Landlord] under lease as Landlord and the Existing Tenant as lessee in respect of the Premises.
Item 3	Assignment Date	#insert assignment date

Background

- A. The Existing Tenant occupies the Premises as lessee under the Lease.
- B. The Existing Tenant wishes to assign the Lease to the New Tenant from and including the Assignment Date on the conditions of this deed.
- C. The Landlord consents to the transfer and assignment by the Existing Tenant to the New Tenant subject to the terms of this Deed.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this deed:

Assignment Date means the date in Item 3 of the Information Table.

Business Day means a day that is not a Saturday, Sunday, bank holiday or public holiday in the Home State.

Existing Guarantor means #

Existing Tenant means the party specified as Existing Tenant in the Information table and where the context permits, includes the Existing Tenant's employees, agents, customers and any other persons the Existing Tenant allows on the Premises or the Land.

Home State means the state or territory of Australia in which the Premises is situated.

Information Table means the part of this document described as the Information Table.

Land means the land on which the Premises are located.

Landlord means the party specified as Landlord in the Information Table.

Lease means the lease in Item 2 of the Information Table and includes:

- a) the benefit of any option to renew the Term after the Term ends; and
- b) where the context allows, that lease as varied by this deed.

New Tenant means the party specified as New Tenant in the Information table and where the context permits, includes the New Tenant's employees, agents, customers and any other persons the New Tenant allows on the Premises or the Land.

Premises means the premises in Item 1 of the Information Table.

Term means:

- a) the current term of the Lease; and
- b) if the Lease contains an option to renew the current Term, any option term.

1.2 Interpretation

In this deed, unless the contrary intention appears:

- a) any words or expressions used in this deed, which are not defined in this deed but which are defined in the Lease have the same meaning in this deed;
- b) words or expressions used in this deed, which are defined in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)*, have the same meaning in this deed;
- c) a reference to this deed includes the Information Table;
- d) a reference to a party includes a reference to that party's executors, administrators, successors and permitted assigns;
- e) words importing natural persons include partnerships, bodies corporate, associations, governments and governmental and local authorities and agencies;
- f) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

1.3 Governing law

The law of the Home State governs this deed.

2. Assignment of Lease

2.1 Assignment

On and from the Assignment Date and subject to the provisions of this deed:

- a) the Existing Tenant as beneficial owner assigns its interest in the Lease and the Premises to the New Tenant;
- b) the Existing Tenant assigns its interest in all the covenants under the Lease, whether or not they concern or run with the Premises, to the New Tenant; and the New Tenant accepts the assignment and agrees to be bound by the Lease on and from the Assignment Date.

2.2 Confirmation of Lease

The parties confirm that the Lease remains unchanged.

3. Existing Tenant's obligations and warranties

3.1 Existing Tenant's warranties

The Existing Tenant warrants for the benefit of the New Tenant and the Landlord that, at the Assignment Date, the Existing Tenant:

- a) is not in breach of the Lease; and
- b) has no unresolved claims against the Landlord in respect of or in any way arising from the Lease or this deed.

3.2 Indemnity by Existing Tenant

The Existing Tenant indemnifies the New Tenant against any cost, loss, damage and liability caused or contributed to by a breach of the Lease by the Existing Tenant that occurred before the Assignment Date.

3.3 Release

- a) On and from the Assignment Date, the Landlord and the Existing Tenant releases each other and its managers and agents from all claims and actions by the other party arising under or in connection with the Lease or in respect of the Premises on or after the Assignment Date.

4. **New Tenant's warranty and obligations**

- a) The New Tenant warrants for the benefit of the Existing Tenant and the Landlord that it has read and understood the Lease and this deed.
- b) The New Tenant must for the benefit of the Existing Tenant and the Landlord, comply with the Lease on and from the Assignment Date.

5. **Adjustment of Lease payments**

5.1 Payments

Any amount due and payable under the Lease before the Assignment Date must be paid by the Existing Tenant. Any amount due and payable under the Lease on and from the Assignment Date must be paid by the New Tenant.

5.2 Estimated amounts and adjustment

Any amount paid by the Existing Tenant on account of an estimate of an amount due under the Lease must be:

- a) apportioned between the Existing Tenant and the New Tenant at the Assignment Date; and
- b) re-adjusted between the Existing Tenant and the New Tenant when the precise amount payable is ascertained.

6. **Mortgagee's consent**

If under any mortgage registered on the title of the Land, the Landlord is required to obtain the consent of the mortgagee to the assignment of the Lease to the New Tenant, then the Landlord must procure and provide written evidence of such consent to the New Tenant on or before the Assignment Date, at the cost of the Existing Tenant.

7. **Existing Guarantor is released** **[Subject to clause 14.15.1 of the Lease]**

Provided that a replacement personal or corporate guarantor acceptable to the Landlord and a deed of guarantee and indemnity has been entered into by the incoming guarantor, the Landlord will consent to a release of the Existing Guarantor(s) from their obligations on assignment of the Lease by the Existing Tenant.

8. **Goods and Services Tax, duty and fees**

8.1 Consideration is GST exclusive

Any consideration to be paid or provided to for a supply made under or in connection with this deed, unless specifically described in this deed as **GST inclusive**, does not include an amount on account of GST.

8.2 Gross up of consideration

Despite any other provision in this deed, if a party (**Supplier**) makes a supply under or in connection with this deed on which GST is imposed (not being a supply the consideration for which is specifically described in this deed as **GST inclusive**):

- a) the consideration payable or to be provided for that supply under this deed but for the application of this clause 8 (**GST Exclusive Consideration**) is increased by, and the recipient of the supply (**Recipient**) must also pay to the Supplier, an amount equal to the GST exclusive consideration multiplied by the prevailing rate of GST (**GST Amount**); and
- b) the GST Amount must be paid to the Supplier by the Recipient without set off deduction or requirement for demand, at the same time as the GST Exclusive Consideration is payable or to be provided.

8.3 Reimbursements (net down)

If a payment to a party under this deed is a reimbursement or indemnification, calculated by reference to a loss, cost or expense incurred by that party, then the payment will be reduced by the amount of any input tax credit to which that party, or the representative member of the GST group of which that party is a member, is entitled for that loss, cost or expense.

8.4 Tax invoices

The Recipient need not make a payment for a taxable supply made under or in connection with this deed until the

Supplier has given the Recipient a tax invoice for the supply to which the payment relates.

8.5 Adjustments

If an adjustment event occurs in relation to a taxable supply made under or in connection with this deed then the consideration payable in respect of the supply shall also be adjusted as follows:

- a) if the adjustment event gives rise to an increase in the GST payable by the Supplier in relation to the supply a payment equal to that increase will be made by the Recipient to the Supplier; and
- b) if the adjustment event gives rise to a decrease in the GST payable by the Supplier in relation to the supply payment equal to that decrease will be made by the Supplier to the Recipient.

Any payment that is required under this clause 8.5 will be made within five Business Days of the issuing of an adjustment note or an amended tax invoice, as the case may be. If the adjustment event gives rise to an adjustment, the Supplier must issue an adjustment note to the Recipient as soon as the Supplier becomes aware of the adjustment event.

8.6 Duty and fees

- a) The New Tenant must pay all duty and registration fees (if any) arising out of this deed.
- b) The Existing Tenant must pay the Landlord's reasonable legal costs of reviewing and executing this deed and the costs of registering the transfer of lease (if applicable).

9. General

9.1 Complete agreement

This deed and the Lease is the full agreement between the Existing Tenant and the New Tenant.

9.2 Severance of invalid and other provisions

If any provision of this deed is void, voidable, unenforceable or illegal, then that provision is to be severed from this deed and the remainder of this deed will continue with full force and effect.

9.3 Waiver and variation

A waiver or variation of any provision of or a right under this deed must be in writing signed by the party entitled to the benefit of that provision or right.

9.4 Counterparts

This deed may consist of a number of counterparts.

10. Notices

- a) The notices clause of the Lease together with this clause 10 apply to any notice consent or approval required by this deed.
- b) The Landlord may only serve a notice on the New Tenant by:
 - i. giving it to the New Tenant personally; or
 - ii. leaving it at, or posting it to, the Premises or the address in the Information table.
- c) The New Tenant may only serve a notice on the Landlord by leaving it at, or posting it, to its address in the Information table.
- d) The New Tenant may change an address for the service of notices under this deed by notice to the other parties to this deed.

Signing page (Schedule C - Assignment of Lease)

EXECUTED as a deed.

Executed by the Existing Tenant:

EXECUTED [e] in accordance with Section 127(1) of the *Corporations Act 2001* and signed by:

Director

Director/Secretary

Full name of Director

Full name of Director/Secretary

Executed by the New Tenant:

EXECUTED for and on behalf of [e] in accordance with Section 127(1) of the *Corporations Act 2001*:

Signature of Director

Signature of Director/Secretary

Name of Director

Name of Director/Secretary

[Insert execution panels of the Landlord and the Responsible Entity]

SCHEDULE D - RIGHTS OF ENTRY

Right of Entry Deed

Right of Entry

Landlord:	[Landlord] of [Landlord's address].
Tenant:	[Tenant] of Suite 3, 1 Park Avenue, Drummoyne NSW 2047.
Financier:	Eastern Credit Management Pty Ltd (ACN 623 243 336) of Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.
Premises:	[Title details], also known as [Address of Premises].
Business:	The childcare centre business known at the date of this Deed as Nido Early School _____ and operated by the Tenant at the Premises.
Lease:	A lease between the Landlord and the Tenant in respect of the Premises.
Security:	a General Security Deed over all the Tenant's assets and after acquired property including the Goods and the Tenant's right, title and interest in the Lease; and a Mortgage of Lease given by the Tenant over the Tenant's right, title and interest in the Lease.
Goods:	All of the Tenant's goods, inventory, stock, chattels, records and files, plant and equipment located at the Premises from time to time but excluding any goods, fixtures or fittings paid for by the Landlord by way of a fitout contribution (if applicable).

At the request of the Financier and the Tenant and subject to the terms of this Deed:

1. The Landlord consents to the Security and, where applicable, to the registration of the Security or the lodgement of a caveat relating to the Security.
2. The Landlord agrees:
 - 2.1 that the Financier or a controller (within the meaning of that term in the *Corporations Act 2001* (Cth)) appointed by the Financier or any of its agents, may:
 - 2.1.1 exercise the Financier's rights, powers and authorities under the Security whether or not the Tenant is in default under the Lease on notice to the Landlord;
 - 2.1.2 if the Tenant is in breach of the Security, enter the Premises at any time or times on notice to the Landlord and remain on the Premises for a reasonable time for the purpose of inspecting, repairing or maintaining the Premises or the Goods or removing or carrying away the Goods from the Premises; and
 - 2.1.3 sell, assign or transfer the Tenant's interest in the Lease pursuant to the terms of the Security;
 - 2.2 that the exercise of any such rights, powers or authorities by the Financier or any controller appointed by the Financier does not constitute a default (howsoever described) by the Tenant under the Lease;
 - 2.3 that the Goods belong to the Lessee subject to any rights of the Financier under the Security and that they are not and will not be treated as fixtures to the Premises;

- 2.4 that if the Financier only removes the Goods or enters the premises to inspect, repair or maintain the Goods, it does not constitute taking possession of the Premises or an adoption of the Lease by the Financier or the controller appointed by the Financier or any of its agents;
- 2.5 that it will not, as a result of any default (howsoever described) by the Tenant or any guarantor under the Lease, whether or not the default has been remedied by the Tenant:
 - 2.5.1 terminate the Lease; or
 - 2.5.2 refuse to renew the Lease; or
 - 2.5.3 withhold consent to the transfer or assignment of the Lease or grant of a sub-lease; or
 - 2.5.4 re-enter the Premises; or
 - 2.5.5 convert the Lease to a tenancy at will or tenancy determinable at short notice,
prior to giving the Financier written notice of any such default and allowing the Financier a period of not less than fourteen (14) business days (or such other time as may subsequently be agreed) within which to rectify the default or, where rectification is not possible, to pay to the Landlord reasonable compensation in respect of the default;
- 2.6 that if the Financier enters into possession of the Lease under the Security (either as mortgagee or other controller (within the meaning of that terms in the Corporations Act 2001 (Cth)) and continues to comply with its obligations under clause 3.1 it will not:
 - 2.6.1 terminate the Lease; or
 - 2.6.2 re-enter the Premises; and
- 2.7 that if it sells or otherwise disposes of its interest in the Premises:
 - 2.7.1 it will ensure that any purchaser, assignee or transferee of its interest in the Premises enters into a form of deed reasonably acceptable to the Financier pursuant to which such purchaser, assignee or transferee agrees to be bound by the terms and conditions of this Deed, provided that the Tenant pays the Landlord's reasonable costs; and
 - 2.7.2 it will otherwise provide a copy of this Deed to any purchaser, assignee or transferee prior to the settlement of such sale or disposal.

3. The Financier agrees:

- 3.1 that, if it or a controller enters into possession of the Premises, it will or will procure the controller to:
 - 3.1.1 pay the rental and outgoings payable under the Lease which accrue during the period that the Financier is in possession of the Premises; and
 - 3.1.2 comply with the terms of Lease.

The Financier's obligations under this clause will apply during the period of possession only and will terminate at the end of any such period of possession (without prejudice to any breach by the Financier before the date of termination); and

4. The Financier agrees to make good any damage directly caused to the Premises by the removal of the Goods by the Financier or any of its agents or assigns (including any controller) to the satisfaction of the Landlord (acting reasonably).
5. The Financier agrees that if it lodges a caveat to protect its Security, it will on the written request of the Tenant promptly provide a caveator's consent to any subsequent interest provided that such interest does not adversely affect the Financier's interest.

6. This Deed may be executed in any number of counterparts. All of those counterparts together will constitute one instrument.

7. All notices to the Financier must be in writing and sent to:

Name: Eastern Credit Management Pty Ltd

Address: Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000

Email: graham.lello@moelisaustralia.com
cc to jaron.yuen@moelisaustralia.com

Attention: Graham Lello and Jaron Yuen

RIGHT OF ENTRY

Landlord: [Insert landlord name and ACN] of [Insert address].

Tenant: [Insert tenant name and ACN] of [Insert address].

Secured Party: Global Loan Agency Services Australia Nominees Pty Limited ACN 608 945 008 as Security Trustee pursuant to the Security Trust Deed, and includes its employees, contractors, agents, delegates, attorneys and any receiver and manager appointed pursuant to the Security as the case may require.

Premises: [Insert street address], being the [whole/part] of the land described in Certificate of Title Volume [insert] Folio [insert].

Business: The business known as [Insert childcare centre name] operated by the Tenant at the Premises.

Lease: A lease between the Landlord and the Tenant in respect of the Premises.

Security: A General Security Interest over all the Tenant's assets and undertaking including the Tenant's interest under the Lease.

Security Trust: The trust established by the Security Trust Deed.

Security Trust Deed: The document entitled "Security Trust Deed for Think Childcare Group" dated 27 June 2018 between Think Childcare Limited, the Secured Party (as Security Trustee) and others.

Goods: All of the Tenant's goods, inventory, stock, chattels, records and files, plant and equipment located at the Premises (excluding any goods, fixtures or fittings paid for by the Landlord by way of a fitout contribution).

At the request of the Secured Party and the Tenant and subject to the terms of this Deed:

1. The Landlord consents to the Security.
2. The Landlord agrees:
 - 2.1 that the Secured Party or a controller (within the meaning of that term in the *Corporations Act 2001* (Cth)) appointed by the Secured Party or any of its agents, may:
 - 2.1.1 exercise the Secured Party's rights, powers and authorities under the Security whether or not the Tenant is in default under the Lease on notice to the Landlord;
 - 2.1.2 if the Tenant is in breach of the Security, enter the Premises at any time or times on notice to the Landlord and remain on the Premises for a reasonable time for the purpose of inspecting, repairing or maintaining the Premises or the Goods or removing or carrying away the Goods from the Premises and in accordance with the Lease; and

2.1.3 sell, assign or transfer the Tenant's interest in the Lease pursuant to the terms of the Security;

2.2 that the exercise of any such rights, powers or authorities by the Secured Party or any controller appointed by the Secured Party does not constitute a default by the Tenant under the Lease;

2.3 that if the Secured Party only removes the Goods or enters the premises to inspect, repair or maintain the Goods, it does not constitute taking possession of the Premises or an adoption of the Lease by the Secured Party;

2.4 that it will not, as a result of any default by the Tenant under the Lease, whether or not the default has been remedied by the Tenant:

2.4.1 terminate the Lease; or

2.4.2 refuse to renew the Lease; or

2.4.3 withhold consent to the transfer or assignment of the Lease or grant of a sub-lease; or

2.4.4 re-enter the Premises; or

2.4.5 convert the Lease to a tenancy at will or tenancy determinable at short notice,

prior to giving the Secured Party written notice of any such default and allowing the Secured Party a period of not less than ten (10) business days (or such other time as may subsequently be agreed) within which to rectify the default or, where rectification is not possible, to pay to the Landlord reasonable compensation in respect of the default;

2.5 that if the Secured Party enters into possession of the Lease under the Security (either as mortgagee or other controller (within the meaning of that terms in the Corporations Act 2001 (Cth)) and continues to comply with its obligations under clause 3.1 it will not:

2.5.1 terminate the Lease; or

2.5.2 re-enter the Premises; and

2.6 that if it sells or otherwise disposes of its interest in the Premises:

2.6.1 it will ensure that any purchaser, assignee or transferee of its interest in the Premises enters into a form of deed reasonably acceptable to the Secured Party pursuant to which such purchaser, assignee or transferee agrees to be bound by the terms and conditions of this Deed, provided that the Tenant pays the Landlord's reasonable costs; and

2.6.2 it will otherwise provide a copy of this Deed to any purchaser, assignee or transferee prior to the settlement of such sale or disposal.

3. The Secured Party agrees:

3.1 that, if it enters into possession of the Premises, it will:

3.1.1 pay the rental and outgoings payable under the Lease which accrue during the period that the Secured Party is in possession of the Premises; and

3.1.2 comply with the terms of Lease.

The Secured Party's obligations under this clause will apply during the period of possession only and will terminate at the end of any such period of possession (without prejudice to any breach by the Secured Party before the date of termination); and

3.2 to make good any damage directly caused to the Premises by the removal of the Goods by the Secured Party or any of its agents

4. This Deed may be executed in any number of counterparts. All of those counterparts together will constitute one instrument.

5. This Deed is governed by and construed under the law in the State of Western Australia.

6. All notices to the Secured Party are to be sent to:

Name: Global Loan Agency Services Australia Nominees Pty Limited

Address: Level 26, 1 Bligh Street, Sydney NSW 2000

Email: apac@glas.agency

Attention: Transaction Management Group (Think)

7. The Secured Party enters into and performs this Deed and the transactions it contemplates only as the trustee of the Security Trust, except where expressly stated otherwise. This applies also in respect of any past and future conduct (including omissions) relating to this Deed or those transactions.

8. Under and in connection with this Deed and those transactions and conduct:

(a) the Secured Party's liability (including for negligence) to parties is limited (including, for the avoidance of doubt, for any liability incurred in connection with clause 3 of this Deed) to the extent it can be satisfied out of the Security Trust assets. The Secured Party need not pay any such liability out of other assets;

(b) another party may only do the following with respect to the Secured Party (but any resulting liability remains subject to the limitations in this Clause):

(i) prove and participate in, and otherwise benefit from, any winding up of the Secured Party or any form of insolvency administration of the Secured Party but only with respect to Security Trust assets;

(ii) exercise rights and remedies with respect to Security Trust assets, including set-off;

(iii) enforce its security (if any) and exercise contractual rights; and

(iv) bring any proceedings against the Secured Party seeking relief or orders that are not inconsistent with the limitations in this Clause,

and may not:

(v) bring any proceedings against the Secured Party;

(vi) take any steps to have the Secured Party wound up or placed in any form of insolvency administration or to have a receiver or receiver and manager appointed; or

- (vii) seek by any means (including set-off) to have a liability of the Secured Party to that party (including for negligence) satisfied out of any assets of the Secured Party other than Security Trust assets.
9. Clauses 7 and 8 apply despite any other provision in this deed but do not apply with respect to any liability of the Secured Party to another party (including for negligence):
- (viii) to the extent that the Secured Party has no right or power to have Security Trust assets applied towards satisfaction of that liability, or its right or power to do so is subject to a deduction, reduction, limit or requirement to make good, in either case because the Secured Party's behaviour was beyond power or improper in relation to the Security Trust; or
 - (ix) under any provision which expressly binds the Secured Party other than as trustee of the Security Trust (whether or not it also binds it as trustee of the Security Trust).
10. The limitation in clause 8(a) is to be disregarded for the purposes (but only for the purposes) of the rights and remedies described in clause 8(b), and interpreting this Deed and any security for it, including determining the following:
- (x) whether amounts are to be regarded as payable (and for this purpose damages or other amounts will be regarded as a payable if they would have been owed had a suit or action barred under clause 8(b) been brought);
 - (xi) the calculation of amounts owing; or
 - (xii) whether a breach or default has occurred,
- but any resulting liability will be subject to the limitations in this Clause.

Executed as a deed.

Dated: _____

Executed by the Landlord

Executed by **NAME ACN** in accordance with section 127 of the *Corporations Act 2001* (Cth):

Signature of director ←

Signature of director / secretary

Name of director (*print*)

Name of director / secretary (*print*)

Executed by the Tenant

Executed by **NAME ACN** in accordance with section 127 of the *Corporations Act 2001* (Cth):

Signature of sole director and secretary ←

Name of sole director and secretary (*print*)

Executed by the Secured Party)

SIGNED by)

as attorney for **Global Loan Agency
Services Australia Nominees Pty
Limited** A.C.N 608 945 008 under power
of attorney dated)

in the presence of:)

.....
Signature of witness)

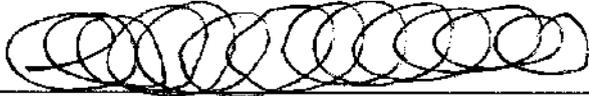
.....
Name of witness (block letters))

.....
By executing this agreement the attorney
states that the attorney has received no
notice of revocation of the power of
attorney

LEASE EXECUTION PAGE - ADDITIONAL PARTIES

Executed as a Deed

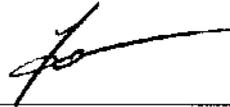
Executed by Think Childcare Development Limited
ACN 635 178 166 as Guarantor in accordance with
section 127(1) of the Corporations Act 2001 (Cth) by:



Signature of Director

Mathew Edwards

Full name (print)



Signature of Director/Company Secretary

Trinh Tuyet Bui

Full name (print)

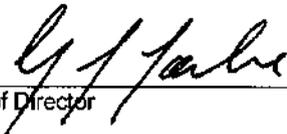
Date: 27 November 2020

LEASE EXECUTION PAGE

Executed as a Deed

Lessor's Execution

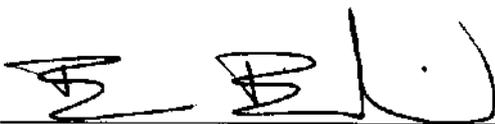
Executed by **Ellenbrook CCD 1 Pty. Ltd. ACN 636 484 789**
in accordance with section 127 of the *Corporations Act 2001*
(Cth) by:



Signature of Director

GEORGE LOUKE

Full name (print)



Signature of Director/Company Secretary

BENJAMIN BESLICH

Full name (print)

Date: _____

Lessee's Execution

Executed by **Think Ellenbrook 6069 Pty Ltd ACN 645 584 809** as Lessee in accordance with section 127 of the *Corporations Act 2001* (Cth) by:

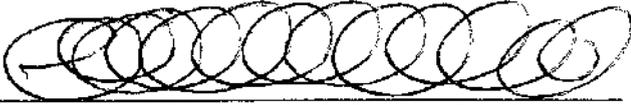
Signature of sole Director and sole Company Secretary

Full name (print)

Date: _____

Lessee's Execution

**Executed by Think Ellenbrook 6069 Pty Ltd ACN 645 584
809 as Lessee in accordance with section 127 of the
Corporations Act 2001 (Cth) by:**



Signature of sole Director and sole Company Secretary

Mathew Edwards

Full name (print)

Date: 27 November 2020

[ABL Note: Landgate lease backing pages to be included]



Appendix C
Letter of Instruction

Professional Service Agreement

Valuation & Advisory Services

colliers.com.au



Accelerating success.

13 October 2021

Mr Troy Dafter
Chief Risk Officer – Financial Services
Primewest Management Ltd ATF Primewest Property Income Fund
Level 41, Chifley Tower
2 Chifley Square,
Sydney NSW 2000

Troy.Dafer@centuria.com.au

Dear Troy,

RE: Quote for the Provision of Valuation Services

Thank you for considering Colliers International Valuation & Advisory Services for the assignment identified in this Professional Service Agreement. Please sign one copy of the agreement and return it to the undersigned, thereby indicating your authorisation for us to proceed with this assignment and your acceptance of this Professional Service Agreement including the attached Terms & Conditions.

PROFESSIONAL SERVICE AGREEMENT ("Agreement")	
Property Address:	<ol style="list-style-type: none">1. Foundation Place, 8 Market Lane, Maroochydore, QLD;2. 60 Investigator Drive, Robina, QLD;3. Lot 7384 Drumplier Drive, Ellenbrook, WA; and4. 36-40 John Rice Avenue, Elizabeth Vale, SA. <p>("the Properties")</p>
Parties:	CIVAS (NSW) Pty Limited and CIVAS (QLD) Pty Limited (Us) and Primewest Management Ltd ATF Primewest Property Income Fund "Primewest" (You) and David McCourt of BDO.
Purpose & Reliant Party:	<ol style="list-style-type: none">1. The Centuria Direct Property Fund ("CDPF") for the purpose of a [merger].2. The Primewest Property Income Fund ("PPIF") for the purpose of a [merger].3. National Australia Bank Limited for first mortgage security purposes.4. David McCourt of BDO for inclusion in an independent expert report. <p>Our valuation advice must not be relied upon for any purpose or any other party other than the purposes nominated above.</p>
Services:	<p>Stage 1 Draft calculations including our valuation opinion for each asset.</p> <p>Stage 2 A full draft valuation report for each asset.</p> <p>Stage 3 A full valuation report for each asset along with a valuation summary letter.</p>



CIVAS (NSW) Pty Limited | ABN 32 168 282 728
Liability limited by a scheme approved under Professional Standards Legislation.



Basis of Valuation:	<p>The valuation is of the Market Value of the freehold interest (subject to lease) and to be prepared on the basis of:</p> <ul style="list-style-type: none"> ▪ Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. 												
Date of Valuation:	<p>31 August 2021 (subject to confirmation). Our inspections will be undertaken in July.</p>												
Form of Advice:	<ul style="list-style-type: none"> ▪ Full Valuation Report for each asset; and ▪ Summary Letter. <p>Our professional fee includes one PDF soft copy of the report.</p>												
Completion Date:	<p>Stage 1 - Draft Numbers – 10 – 15 business days from formal appointment;</p> <p>Stage 2 - Draft reports – 5 – 10 business days following confirmation by You of draft calculations subject to payment of Professional Fees; and</p> <p>Stage 3 - Final reports – To be agreed upon by Primewest upon completion of the above stages.</p> <p>Completion dates are subject to the provision of all required information and appropriate inspection access to the subject properties.</p>												
Professional Fees:	<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;"><u>Fee</u></th> </tr> </thead> <tbody> <tr> <td>1. Foundation Place, 8 Market Lane, Maroochydore, QLD;</td> <td style="text-align: right;">\$4,000 + GST</td> </tr> <tr> <td>2. 60 Investigator Drive, Robina, QLD</td> <td style="text-align: right;">\$4,000 + GST</td> </tr> <tr> <td>3. Lot 7384 Drumplier Drive, Ellenbrook, WA</td> <td style="text-align: right;">\$4,000 + GST</td> </tr> <tr> <td>4. 36-40 John Rice Avenue, Elizabeth Vale, SA</td> <td style="text-align: right;">\$4,000 + GST</td> </tr> <tr> <td>5. Summary Letter</td> <td style="text-align: right;">\$4,000 + GST</td> </tr> </tbody> </table> <p>Our above quote excludes searches (charged at cost). Note – searches referred to above include certificates of title, registered site plans, easement searches and other title notations, which will be charged at cost in addition to the above fees.</p> <p>This quotation is effective for 10 business days from the date of this correspondence.</p> <p>The above fee is solely for the scope of professional services as outlined herein. On the basis that subsequent or further advice is required additional fees will be agreed accordingly.</p>		<u>Fee</u>	1. Foundation Place, 8 Market Lane, Maroochydore, QLD;	\$4,000 + GST	2. 60 Investigator Drive, Robina, QLD	\$4,000 + GST	3. Lot 7384 Drumplier Drive, Ellenbrook, WA	\$4,000 + GST	4. 36-40 John Rice Avenue, Elizabeth Vale, SA	\$4,000 + GST	5. Summary Letter	\$4,000 + GST
	<u>Fee</u>												
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3. Lot 7384 Drumplier Drive, Ellenbrook, WA	\$4,000 + GST												
4. 36-40 John Rice Avenue, Elizabeth Vale, SA	\$4,000 + GST												
5. Summary Letter	\$4,000 + GST												
Payment on Delivery:	<p>These Professional Fees are to be paid on delivery of Stage 1. To enable this, We will raise an invoice prior to delivery. In executing this Agreement, You acknowledge these Professional Fees are non-refundable and confirm that We are unconditionally entitled to these Fees and to therefore raise a Tax Invoice accordingly.</p>												
Limitation of Liability	<p>Liability limited by a scheme approved under Professional Standards Legislation. Liability further limited in accordance with Clause 19 of the attached Terms & Conditions.</p> <p>Our valuation will be prepared in accordance with Our Terms & Conditions annexed to this PSA. Clause 19.1 and Clause 19.3 do not apply to National Australia Bank.</p> <p>Where we extend reliance on our valuation to more than one reliant party, whether for separate purposes or the same purpose, we do so on the basis that:</p> <p>(a) all interests are a joint interest under the applicable professional standards legislation, in all states of Australia, and any claim by one or more of the Parties will be dealt with as a single claim with the intention of joining all the Reliant Parties to a single claim. For the avoidance of doubt, a joint interest cannot be split and is to be treated as a single claim.</p> <p>the interests of the Reliant Parties are a joint interest in a cause of action founded on the same act or omission and any claim by one or more of the Reliant Parties will be dealt with as a single claim, limited to a maximum aggregate liability amount in accordance with CIVAS (NSW) Pty Limited's and CIVAS (QLD) Pty Limited's limitation of liability as per Clause 19 of the attached Terms & Conditions.</p>												
Required Information:	<p>This Professional Service Agreement is provided on the basis that certain information relating to the subject property is provided to us (where appropriate). This information is detailed in Annexure 1.</p>												

<p>Personnel:</p>	<p>Craig Clayworth, National Director Office Valuation & Advisory Services will complete the valuation of Foundation Place, 8 Market Lane, Maroochydore, QLD, while Dylan Adams, Director Specialisations Valuation & Advisory Services will oversee the valuations of 60 Investigator Drive, Robina, QLD, Lot 7384 Drumplier Drive, Ellenbrook, WA and 36-40 John Rice Avenue, Elizabeth Vale, SA.</p>
<p>Standard Conditions:</p>	<p>All advice, reports and opinions of value expressed by the firm or its employees are subject to the “Colliers International Valuation & Advisory Services Terms & Conditions” detailed in Annexure 2 herein.</p>
<p>Additional Clauses to be included by You in the PDS (Our Summary Letter is provided on this basis):</p>	<ul style="list-style-type: none"> ▪ CIVAS (NSW) Pty Limited and CIVAS (QLD) Pty Limited are being engaged by You to provide valuations (the valuation) of the abovementioned properties and a letter summarising those valuations (summary letter) for inclusion in a Product Disclosure Statement (PDS) to be issued by Primewest Management Ltd ATF Primewest Property Income Fund “Primewest”. ▪ Primewest wishes to include a Summary Letter in the PDS and has requested that CIVAS (NSW) Pty Limited and CIVAS (QLD) Pty Limited consents to the inclusion of this Summary Letter. CIVAS (NSW) Pty Limited and CIVAS (QLD) Pty Limited consents to the inclusion of this Summary Letter in the PDS and to being named in the PDS, subject to the comments, terms and assumptions contained within The Valuations, this Summary Letter and the further condition that Primewest include these Qualifications and Warnings in the PDS: <ul style="list-style-type: none"> (i) The Valuations have been prepared for Primewest Management Ltd ATF Primewest Property Income Fund “Primewest” only and for the specific purposes outlined within The Valuations and cannot be relied upon by third parties. (ii) In the event that Primewest Management Ltd ATF Primewest Property Income Fund “Primewest” is, currently, or subsequently becomes the Responsible Entity for an investment vehicle with an interest in the subject properties CIVAS (NSW) Pty Limited and CIVAS (QLD) Pty Limited do not extend reliance authority for The Valuations to any party beyond the Responsible Entity and does not extend reliance authority for The Valuations to any third parties which may have an interest in such an investment vehicle. (iii) Whilst the Summary Letter is a summary of The Valuations as at the dates of valuation, it has not been prepared for the purpose of assessing the property as an investment opportunity. Furthermore, we caution that we cannot fully summarise in this Summary Letter all matters discussed within The Valuations. (iv) CIVAS (NSW) Pty Limited and CIVAS (QLD) Pty Limited have not been involved in the preparation of the PDS nor have The Valuations had regard to the other material contained in the PDS. The Valuations and report content do not take into account any matters concerning the investment opportunity contained in the PDS. (v) Neither CIVAS (NSW) Pty Limited, CIVAS (QLD) Pty Limited nor any of its Directors makes any representation or recommendation in relation to The Valuations, the investment opportunity contained in the PDS and the PDS itself nor accepts responsibility for any information or representation made in the PDS. (vi) Recipients must seek their own advice in relation to the investment opportunity contained in the PDS. (vii) CIVAS (NSW) Pty Limited and CIVAS (QLD) Pty Limited are not providing advice about a financial product, nor the suitability of the investment set out in the PDS. Such an opinion can only be provided by a person who holds an Australian Financial Services Licence. CIVAS (NSW) Pty Limited and CIVAS (QLD) Pty Limited do not, nor does the Valuer, hold an Australian Financial Services Licence and is not operating under such a licence in providing its opinion as to the value of the properties detailed in The Valuations. <p>The Valuations are current as at 30 September 2021 only (unless otherwise advised or revised valuation date subject to inspection date). The value assessed herein may change significantly and unexpectedly over a relatively short period as a result of general market movements or factors specific to the particular property. We do not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where The Valuations and Summary Letter are relied upon after the expiration of 90 days from the dates of The Valuations, or such earlier date if you become aware of any factors that have any effect on The Valuations and Summary Letter.</p>

Quality Assurance:

Using Colliers Assure, Our risk management system, an internal verification is conducted on all draft and final calculations and reports in order to confirm accuracy and quality. All calculations and advice are reviewed and verified, and all issues are resolved prior to releasing any advice.

Verification is carried out in accordance with the procedures and processes of the Colliers Quality Assurance Manual underpinned by Colliers Assure. Colliers maintains through external auditing our National Quality Assurance Certification in accordance with Standard ISO9001.



Please indicate your acceptance of this Professional Service Agreement outlined herein by signing and returning a copy of this letter by email or mail.

Should you have any queries regarding this matter, please do not hesitate to contact the undersigned. We look forward to your confirmation of instructions.

Yours sincerely

CIVAS (NSW) Pty Limited

A handwritten signature in blue ink, appearing to read "Dylan Adams".

Dylan Adams

Position: Director | Specialisations | Valuation & Advisory Services
Product Line: Valuation & Advisory Services
Tel: +61 2 9770 3117
Mob: +61 401 274 866
Email: Dylan.Adams@colliers.com

CIVAS (QLD) Pty Limited

A handwritten signature in black ink, appearing to read "Craig Clayworth".

Craig Clayworth

Position: National Director | Office
Product Line: Valuation & Advisory Services
Tel: +61 7 3370 1724
Mob: +61 423 828 236
Email: Craig.Clayworth@colliers.com

Professional Service Agreement

Continued

Acknowledgment

I have reviewed and hereby accept this Professional Service Agreement and Annexures including "Colliers International Valuation & Advisory Services Terms & Conditions" and nominated fee.

I acknowledge that I/we will be contracting exclusively with CIVAS (NSW) Pty Limited (ABN 32 168 282 728) and CIVAS (QLD) Pty Limited (ABN 87168282522) and not with any other member of the Colliers Group.

Property Address: Foundation Place, 8 Market Lane, Maroochydore, QLD;
60 Investigator Drive, Robina, QLD;
Lot 7384 Drumplier Drive, Ellenbrook, WA; and
36-40 John Rice Avenue, Elizabeth Vale, SA.

Name: Troy Dafter

Position: Chief Risk Officer - Financial Services

Signed: 

Contact Details (phone/email): 0418 311 315

Dated: 15 October 2021

Entity to be Invoiced:	ABN:	% split:

Address:

Entity to be Invoiced:	ABN:	% split:

Address:

REQUIRED INFORMATION

General

- Signed acceptance of this Professional Services Agreement including the Colliers International Valuation & Advisory Services Terms & Conditions (i.e. this letter of quotation signed at the Acknowledgement section).
- Contact names and telephone numbers to arrange property inspection.
- Details of any known outstanding orders over the subject properties (planning, building, health, etc);
- Copy of Certificate(s) of Title and Deposited/Strata plans(s) for each property;
- Copy of building plans for each property; and
- Any other information you consider essential for the proper conduct of this valuation.

Foundation Place, 8 Market Lane, Maroochydore, QLD

- Current audited Tenancy Schedule.
- Copies of any recent and active deals and lease / rental negotiations.
- Access to all lease documentation, heads of agreement(s), including side agreements and rebate documentation, if applicable.
- PCA building area survey.
- Floor plans and site plans.
- Details of outstanding current incentives.
- Any independent GST reports.
- Schedule of all relevant outgoings base years and associated amounts, if applicable.
- Actual Audited Outgoings for past 2 years and current budget and YTD figures.
- Copies of statutory charge notices (including but not limited to Land Tax, Council Rates and Water Rates).
- Rental and outgoings arrears report.
- Technical / building services specification report.
- Details of any "non-conforming" building products.
- Building fabric and dilapidation report (as appropriate).
- Capital expenditure budget together with detail of recent capital expenditure.
- Confirmation of whether an environmental audit has been undertaken in relation to the subject site. If such a study has been undertaken, we require a copy of same.
- Environmental sustainability certification or details relating to any submissions for same, be it NABERS, Green Star or other.
- Details of any known outstanding orders over the subject (planning, building, health, etc).
- Details of any structural issues.
- Contract of Sale and related documents (as appropriate).
- Recent marketing sales history (as appropriate).

60 Investigator Drive, Robina, QLD;

Lot 7384 Drumplier Drive, Ellenbrook, WA; and

36-40 John Rice Avenue, Elizabeth Vale, SA.

- Access to all lease documentation, heads of agreement(s), including side agreements and rebate documentation, if applicable;
- Details of outstanding current incentives;
- Copy of service and provider approval;
- Details on average occupancy, breakdown of age groups and daily rates;
- Rental statement / invoice;
- Contact of Sale;
- Copy of Certificate(s) of Title and Deposited/Strata plans(s);
- Actual Audited Outgoings for past 2 years and current budget and YTD figures;
- Copies of statutory charge notices (including but not limited to Land Tax, Council Rates and Water Rates).
- Capital expenditure budget together with detail of recent capital expenditure.

**COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES
TERMS & CONDITIONS**

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

- (i) **'Confidential information'** means information that:
 - (a) Is by its nature confidential;
 - (b) Is designated by Us as confidential;
 - (c) You know or ought to know is confidential;
 - (d) and includes, without limitation:
 - (i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and
 - (ii) The Quotation annexed hereto.
- (ii) **'Currency Date'** means, in relation to any valuation or advisory report, the date as at which our professional opinion is stated to be current.
- (iii) **'Fee'** means the amount agreed to be paid for the Services as set out in the Quotation.
- (iv) **'Party'** means You or Us and Parties means You and Us.
- (v) **'Quotation'** means the written quote provided by Us in relation to the Services.
- (vi) **'Services'** means the valuation or advisory services provided pursuant to these Terms & Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the services.
- (vii) **'Services Validity Period'** means the 90 day period following the Currency Date during which Our professional opinion is valid. After this period, Our professional opinion cannot be relied upon or referred to.
- (viii) **'We', 'Us', 'Our'** means the entity that You engage with to perform the Services as set out in the Quotation being either CIVAS (NSW) Pty Limited (ABN 32 168 282 728), CIVAS (VIC) Pty Limited (ABN 21168282620), CIVAS (ACT) Pty Limited (ABN 70168282451), CIVAS (SA) Pty Limited (ABN 87168282586) or CIVAS (QLD) Pty Limited (ABN 87168282522).
- (ix) **'You', 'Your'** means the entity engaging Us to perform the Services as set out in the Quotation.

2. PERFORMANCE OF SERVICES

- 2.1. We will provide the Services in accordance with:
 - (a) The Terms & Conditions contained herein; and
 - (b) The relevant provisions of the current Australian Property Institute (API) Valuation and Property Standards and/or the current Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards. If there is any inconsistency, they are to be read in the following order: letter of instruction, standing instructions, API Valuation and Property Standards, RICS Valuation – Global Standards.

3. CONDITION OF THE PROPERTY

- 3.1. In undertaking the Services We will have regard to the apparent state of repair, condition and environmental factors in relation to the property based upon a visual inspection, but We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.
- 3.2. We will assume that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
- 3.3. We will not undertake a detailed inspection of any plant and equipment or obtain advice on its condition or suitability.
- 3.4. We recommend that You engage appropriately qualified persons to undertake investigations excluded from the Services.
- 3.5. No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

- 4.1. We will obtain only preliminary town planning information. It is Your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
- 4.2. State or Federal Laws may require environmental audits to be undertaken before there is a change of land use. You will provide such audits to Us where they are required. We will not advise You whether such audits are required or obtain such audits. If You do not provide Us with such audits We will perform the Services on the assumption that such audits are not required.

5. BUILDING AREAS AND LETTABLE AREAS

- 5.1. Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.2. If You do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, Deposited Plans, and our own check measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.3. Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation or advisory advice back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

- 6.1. Unless otherwise notified by You, We will assume:
 - (a) there are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title; and
 - (b) all licences and permits can be renewed and We will not make any enquiries in this regard.
- 6.2. Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with the Services (including but not limited to surveys, quantity surveyor reports, environmental audits, structural / dilapidation reports), We will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of such information or reports.

7. VALUATION FOR FIRST MORTGAGE SECURITY

- 7.1. Where the Services are provided for mortgage purposes, You agree that You will not use the valuation where the property is used as security other than for first registered mortgage.
- 7.2. Where our services are prepared for first mortgage security purposes our report will be prepared for the Bank on behalf of the Applicant. Accordingly, our extension of reliance is to the Bank only. In no way is reliance extended to the Applicant for any purpose.

8. ASSIGNMENT OF VALUATION

- 8.1. We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
 - (a) the proposed assignee is not a major recognised lending institution (such as a major bank);
 - (b) the assignment is sought in excess of 90 days after the date of valuation;
 - (c) We consider that there has been a change in conditions which may have a material impact on the value of the property;
 - (d) the proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at clause 7.1); or
 - (e) Our Fee has not been paid in full.

**COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES
TERMS & CONDITIONS (continued)**

- 8.2. Where We decline to provide an assignment on either of the bases at 8.1(b) or (c), We may be prepared to provide an updated valuation on terms to be agreed at that time.
 - 8.3. In the event that You request us to assign Our valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms & Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.
 - 8.4. Any potential reliance on our valuation by an Intending Mortgagee is conditional upon a formal re-assignment from Us and will be subject to all that is contained within 7.1, 7.2, 8.1, 8.2 and 8.3.
 - 8.5. Client instructed valuations for first mortgage security purposes where reliance is extended to a specific Bank may contain particular assumptions which are commented upon throughout this report. We note that each Bank has their own standing instructions, and also from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. Our valuation(s) will be prepared in accordance with the nominated Bank's standard instructions. However, we highlight that where we have not been instructed by the Bank to value the property, specific assumptions required by the Bank may not have been incorporated into this valuation. Should the Bank require the valuation to be undertaken using additional or separate assumptions to those adopted in the valuation, these assumptions should be communicated to the Valuer for comment and if appropriate revision of the valuation may be necessary, which may produce a different result to our opinion of value. We strongly recommend that the Bank issue the Valuer with specific instructions to value the property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.
 - 8.6. Institutional valuations for financial reporting purposes where reliance is extended to specific Bank(s) for First Mortgage Security purposes will be subject to that within 8.5.
- 9. ESTIMATED SELLING PRICE AND ESTIMATED RENTAL RATES**
- 9.1. Where You instruct Us to provide an estimated selling price or estimated rental rates, You agree that:
 - (a) The Services are limited to the provision of an opinion based upon Our knowledge of the market and informal enquiries.
 - (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search on Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
 - (c) We will provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
 - 9.2. No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price or estimated rental rates.
- 10. CURRENCY OF VALUATION**
- 10.1. Due to possible changes in market forces and circumstances in relation to the subject property the Services can only be regarded as relevant as at the Currency Date.
 - 10.2. Where You rely upon Our valuation or advisory report after the Currency Date, You accept the risks associated with market movement between the Currency Date and the date of such reliance.
 - 10.3. Without limiting the generality of 10.2, You cannot rely upon Our valuation or advisory report:
 - (a) after the expiry of the Services Validity Period;
 - (b) where circumstances have occurred during the Services Validity Period which has a material effect on the value of the property or the assumptions or methodology used in the valuation or advisory report.
- 11. MARKET PROJECTIONS**
- 11.1. Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only, and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
 - 11.2. Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
 - 11.3. Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.
- 12. INSURANCE REPLACEMENT COST ESTIMATE**
- 12.1. Where our services include an Insurance Replacement Cost Estimate, we highlight that our advice in this regard is an indicative estimate only, based on generic replacement costs provided by industry sources. Furthermore, our Insurance Replacement Cost Estimate should be confirmed by a full valuation conducted in accordance with ANZVTIP4 Valuations for Insurance Purposes in the Australia and New Zealand Valuation and Property Standards or verified by a suitably qualified quantity surveyor and / or building expert. We accept no responsibility for reliance on this figure other than as an indicative estimate for internal purposes.
- 13. DEVELOPMENT VALUATIONS**
- 13.1. Our services will be conducted on the basis that all building works will be completed in a workmanlike manner and in accordance with all authority regulations. Furthermore, our analysis will be prepared on the basis that the property is appropriately certified upon completion to allow registration of a Strata Plan/Units Plan/Linen Plan and individual sale of the various allotments.
 - 13.2. The values that will be adopted for residential apartments and associated car parking spaces will be inclusive of GST, while the non-residential/car space allotments will be adopted on a GST exclusive basis.
 - 13.3. Where the property was purchased prior to 1 July 2000, we will adopt a Margin Value once appropriately confirmed. Accordingly, we will adopt the margin scheme for the residual calculation with input tax credits returned after the scheduled expenditure.
 - 13.4. We will conduct our valuation analysis on the basis that all DA approvals, DA plans and consultant's reports are transferable, being reflected in the adopted valuation.
- 14. INVOICING AND PAYMENT**
- 14.1. Our invoice will be made out and addressed to the entity as per the information you provide within the Acknowledgement section of the Professional Services Agreement. Any alternative entity will be required to agree in writing prior to any advice being addressed. Further fees may be required. Payment due dates will not change.
 - 14.2. Where draft advice is provided, You agree that We are authorised to invoice the full amount of the agreed fee on delivery of the draft.
 - 14.3. In the event that the Services continue for a period exceeding 30 days, We may choose to issue You with an invoice for 50% of Our Fees.
 - 14.4. Where the brief is terminated prior to its conclusion, You will be invoiced for the cost of work completed at \$400 per hour exclusive of disbursements and GST, and reimbursed the difference between any payment up front. A copy of partially completed work will not be provided.
 - 14.5. You must pay our Fees within 14 days of the date of a correctly rendered invoice. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof incurred from the date of the invoice.

**COLLIERS INTERNATIONAL VALUATION & ADVISORY SERVICES
TERMS & CONDITIONS (continued)**

15. YOUR OBLIGATIONS

- 15.1. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 15.2. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 15.3. You authorise and licence us to incorporate Your intellectual property within our report(s).
- 15.4. You will not release any part of Our valuation or advisory report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms & Conditions be provided to such third party. This clause shall not apply to persons noted as reliant parties in Your prior instruction to Us or in the Quotation provided that You shall provide any such reliant parties with a copy of these Terms & Conditions.
- 15.5. You must advise reliant parties named in Your instruction to Us of the Services Validity Period.
- 15.6. You will not rely on any preliminary or draft advice. Our advice cannot be relied upon unless it is in Final form.
- 15.7. If You release any part of the valuation or advisory advice or its substance with our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation or advisory services.
- 15.8. We reserve the right to reconsider or amend the valuation or advisory services, or the Fee set out in our Quotation to You if:
- (a) Certificates, surveys, leases, side agreements or related documentation that were not provided to Us prior to the provision of the Services are subsequently provided, and contain matters that may affect the value or the advice; or
- (b) Where subsequent site inspections made in relation to any of the matters raised in clause 3 materially affect or may alter the value of the property the subject of the Services.

16. CONFIDENTIALITY

- 16.1. You must not disclose or make any of the Confidential Information available to another person without Our written consent.
- 16.2. If consent to disclose the Confidential Information is provided by Us, You agree to abide by any additional terms and conditions that We may apply to that disclosure.

17. PRIVACY

- 17.1. We may obtain personal information about You in the course of performing Our Services. We respect Your privacy. The Privacy Act 1998 (Cth) requires Us to advise You that we will only obtain information that is necessary to assist us in the course of performing Our Services. If it is necessary for Us to engage third parties, we will inform these parties that they are not to disclose any personal information about You to any person or organisation other than Us.

A copy of Our Privacy Policy can be obtained by contacting Our Chief Privacy Officer.

18. SUBCONTRACTING

- 18.1. We may subcontract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms & Conditions, with Your consent.

19. LIABILITY

- 19.1. You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which we have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Services or the use of the Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or wilful misconduct by Us in the provision of the Services.
- 19.2. You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of Clause 15 or Clause 16. This indemnity shall include but not be limited to loss, liability, costs and expenses which we may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which we are a party.
- 19.3. Where the release referred to in Clause 19.1 does not apply, You agree that our liability in any such claim or claims will be limited to \$100,000 or a multiple of five times our Fee, whichever is the lower.
- 19.4. For the avoidance of doubt, the Services are provided by Us and no individual valuer or any other employee of Ours assumes any liability or responsibility for the Services.

20. ENTIRE AGREEMENT

- 20.1. No further agreement, amendment or modification of these Terms & Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 20.2. If there is an inconsistency between these Terms & Conditions and the Quotation, any letter of instruction from You, or other specific request or information, the other specific request or information shall prevail to the extent of the inconsistency.

21. GOVERNING LAW

- 21.1. These Terms and Conditions are governed by the law of the State in which Our principal place of business which is providing the Services is located.

Tuesday, 09 November 2021

Dylan Adams
Colliers Valuation & Advisory Services
Level 30, Grosvenor Place,
225 George Street
Sydney | NSW 2000

Dear Dylan,

Re: Market Valuation – 15 November 2021

**60 Investigator Drive, Robina, QLD
Lot 7384 Drumplier Drive, Ellenbrook, WA
36-40 John Rice Avenue, Elizabeth Vale, SA (“The Properties”)**

We confirm our instructions for you to prepare a market valuation of the Properties as at 15 November 2021 on behalf of the following parties:

- Primewest Management Ltd ATF Primewest Property Income Fund “Primewest”; and
- David McCourt of BDO.

The current market valuation of the properties will be used by (and should be addressed to):

1. The Centuria Direct Property Fund (“CDPF”) for the purpose of a [merger].
2. The Primewest Property Income Fund (“PPIF”) for the purpose of a [merger].
3. National Australia Bank Limited for first mortgage security purposes.
4. David McCourt of BDO for inclusion in an independent expert report.

Primewest may be required to publish details of the valuation. This will include, but is not limited to, notices of meeting and explanatory memoranda in relation to unitholder meetings for CDPF and PPIF. You may also be required to provide an extract summary of the valuation report to be published in the unitholder notices of meeting. The valuer agrees to such publications or announcements in accepting this valuation instruction on the basis that the consent extends reliance to the parties referred to above but does not extend use of the report for any other purpose than that outlined herein.

The valuation is to be undertaken in accordance with the following agreed timetable:

Draft Calculations by 11 November 2021
Draft Report by 11 November 2021
Final report by 15 November 2021

The valuation report should be prepared in accordance with the Australian Property Institute Practice Standards and Guidance Notes and in accordance with Australian Accounting Standards Board accounting standards. The definition of market value should be as defined by the International Valuation Standards Council which is endorsed by the Australian Property Institute and currently embodied in the Corporations Law. The valuation report should also be prepared in accordance with ASIC Regulatory Guide 112. In addition, the valuation report is to include Centuria Property Fund Limited's valuation Executive Summary contained in Schedule 1 of this letter.

To the extent that you are unable to inspect the properties due to the impact of the COVID-19 outbreak, you are permitted to continue to conduct the valuation in accordance with the API's valuation protocol – guidelines for API declared time of crisis and/or state of emergency impacting physical inspections of real property dated 29 March 2020.

We confirm that neither Dylan Adams or Colliers has any pecuniary interest that would create any conflict with the proper valuation of the properties and this position will be maintained until the valuation is completed.

We confirm your fee quote of [REDACTED] to undertake the work.

An information pack containing the following will be provided:

1. Tenancy Schedule
2. Leases, Licenses and Heads of Agreements
3. Outgoings Budget
4. Capital Expenditure Budget
5. Building Surveys
6. Schedule of outstanding incentives
7. Point of contact for inspection

Any additional information must be requested by contacting the undersigned directly.

Yours sincerely



Troy Dafter
Chief Risk Officer – Financial Services

SCHEDULE 1**CENTURIA PROPERTY FUNDS LIMITED****EXECUTIVE SUMMARY**

Date of Valuation	
Adopted Valuation Figure	
Adopted Valuation Figure (psm)	
Value based on Capitalisation Method	
Value based on DCF Method	
Notional Breakup - land & improvements (absolute and psm)	
Passing Initial Yield	
Initial Yield (fully leased)	
Equated Market Yield	
Core Capitalisation Rate (on market rental)	
Discount Rate/Targeted IRR	
Internal Rate of Return (10 years)	
Terminal Capitalisation Rate (10 years)	
Net Passing Income (pa & psm)	
Adopted Outgoings (pa & psm)	
Gross Passing Income (pa % psm)	
Net Market Income (pa & psm)	
Gross Market Income (pa & psm)	
Letting Up Allowance (# months)	
Incentive Allowance (# months & %)	
Renewal Probability (%)	
Average Annual Market Rental Growth (pa)	
Average Contract Rental Growth (pa)	
Capital Expenditure (\$ & % of value)	
Occupancy Level	
Weighted Average Lease Expiry (by income)	
Total Lettable Area (state net or gross)	
Site Area (sqm)	
Site Coverage (% of site area)	
FSR	
Office Ratio	
Car Parking (# of cars and ratio to NLA/GLA)	
NABERS Rating	



Appendix D
CIVAS Standard Terms of Business



IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

- (i) **'Confidential information'** means information that:
 - (a) Is by its nature confidential;
 - (b) Is designated by Us as confidential;
 - (c) You know or ought to know is confidential;
 - (d) and includes, without limitation:
 - (i) Information comprised in or relating to any of Our intellectual property in the Services or any reports or certificates provided as part of the Services; and
 - (ii) The Quotation annexed hereto.
- (ii) **'Currency Date'** means, in relation to any valuation or advisory report, the date as at which our professional opinion is stated to be current.
- (iii) **'Fee'** means the amount agreed to be paid for the Services as set out in the Quotation.
- (iv) **'Party'** means You or Us and Parties means You and Us.
- (v) **'Quotation'** means the written quote provided by Us in relation to the Services.
- (vi) **'Services'** means the valuation or advisory services provided pursuant to these Terms & Conditions and the Quotation, and includes any documents, reports or certificates provided by Us in connection with the services.
- (vii) **'Services Validity Period'** means the 90 day period following the Currency Date during which Our professional opinion is valid. After this period, Our professional opinion cannot be relied upon or referred to.
- (viii) **'We', 'Us', 'Our'** means the entity that You engage with to perform the Services as set out in the Quotation being either CIVAS (NSW) Pty Limited (ABN 32 168 282 728), CIVAS (VIC) Pty Limited (ABN 21168282620), CIVAS (ACT) Pty Limited (ABN 70168282451), CIVAS (SA) Pty Limited (ABN 87168282586) or CIVAS (QLD) Pty Limited (ABN 87168282522).
- (ix) **'You', 'Your'** means the entity engaging Us to perform the Services as set out in the Quotation.

2. PERFORMANCE OF SERVICES

- 2.1. We will provide the Services in accordance with:
 - (a) The Terms & Conditions contained herein; and
 - (b) The relevant provisions of the current Australian Property Institute (API) Valuation and Property Standards and/or the current Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards. If there is any inconsistency, they are to be read in the following order: letter of instruction, standing instructions, API Valuation and Property Standards, RICS Valuation – Global Standards.

3. CONDITION OF THE PROPERTY

- 3.1. In undertaking the Services We will have regard to the apparent state of repair, condition and environmental factors in relation to the property based upon a visual inspection, but We will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible.
- 3.2. We will assume that there is no timber infestation, asbestos or any other defect (unless advised otherwise) and that the property is compliant with all relevant environmental laws. It is Your responsibility to provide reports to Us that are relevant to these issues.
- 3.3. We will not undertake a detailed inspection of any plant and equipment or obtain advice on its condition or suitability.
- 3.4. We recommend that You engage appropriately qualified persons to undertake investigations excluded from the Services.
- 3.5. No responsibility will be accepted either to You or to any third party for loss or damage that may result directly or indirectly from the condition of the property.

4. ENVIRONMENT AND PLANNING

- 4.1. We will obtain only preliminary town planning information. It is Your responsibility to check the accuracy of this information by obtaining a certificate under the appropriate legislation.
- 4.2. State or Federal Laws may require environmental audits to be undertaken before there is a change of land use. You will provide such audits to Us where they are required. We will not advise You whether such audits are required or obtain such audits. If You do not provide Us with such audits We will perform the Services on the assumption that such audits are not required.

5. BUILDING AREAS AND LETTABLE AREAS

- 5.1. Where a survey is provided to Us for consideration, We will assume that information contained in the survey is accurate and has been prepared in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.2. If You do not provide Us with a survey, We will estimate building and/or lettable areas based only upon available secondary information (including but not limited to building plans, Deposited Plans, and our own check measurements). Such estimates do not provide the same degree of accuracy or certainty as would be provided by a survey prepared by an appropriately qualified professional in accordance with the Property Council of Australia (PCA) Method of Measurement.
- 5.3. Where such a survey is subsequently produced which differs from the areas estimated then You will refer the valuation or advisory advice back to Us for comment or, where appropriate, amendment.

6. OTHER ASSUMPTIONS

- 6.1. Unless otherwise notified by You, We will assume:
 - (a) there are no easements, mortgages, leases, encumbrances, covenants, caveats, rights of way or encroachments except those shown on the Title; and
 - (b) all licences and permits can be renewed and We will not make any enquiries in this regard.
- 6.2. Where third party expert or specialist information or reports are provided to Us or obtained by Us in connection with the Services (including but not limited to surveys, quantity surveyor reports, environmental audits, structural / dilapidation reports), We will rely upon the apparent expertise of such experts / specialists. We will not verify the accuracy of such information or reports.

7. VALUATION FOR FIRST MORTGAGE SECURITY

- 7.1. Where the Services are provided for mortgage purposes, You agree that You will not use the valuation where the property is used as security other than for first registered mortgage.
- 7.2. Where our services are prepared for first mortgage security purposes our report will be prepared for the Bank on behalf of the Applicant. Accordingly, our extension of reliance is to the Bank only. In no way is reliance extended to the Applicant for any purpose.

8. ASSIGNMENT OF VALUATION

- 8.1. We reserve the right, at Our absolute discretion, to determine whether or not to assign Our valuation to any third party. Without limiting the extent of Our discretion, We may decline a request for assignment where:
 - (a) the proposed assignee is not a major recognised lending institution (such as a major bank);
 - (b) the assignment is sought in excess of 90 days after the date of valuation;
 - (c) We consider that there has been a change in conditions which may have a material impact on the value of the property;
 - (d) the proposed assignee seeks to use the valuation for an inappropriate purpose (including in a manner inconsistent with Your agreement at clause 7.1); or
 - (e) Our Fee has not been paid in full.
- 8.2. Where We decline to provide an assignment on either of the bases at 8.1(b) or (c), We may be prepared to provide an updated valuation on terms to be agreed at that time.



- 8.3. In the event that You request us to assign Our valuation and We agree to do so, You authorise Us to provide to the assignee a copy of these Terms & Conditions, the Quotation and any other document, including instructions provided by You, relevant to the scope of Our Services.
- 8.4. Any potential reliance on our valuation by an Intending Mortgagee is conditional upon a formal re-assignment from Us and will be subject to all that is contained within 7.1, 7.2, 8.1, 8.2 and 8.3.
- 8.5. Client instructed valuations for first mortgage security purposes where reliance is extended to a specific Bank may contain particular assumptions which are commented upon throughout this report. We note that each Bank has their own standing instructions, and also from time to time require valuations be undertaken having regard to a specific set of assumptions which are generally property specific and in addition to their standard instructions. Our valuation(s) will be prepared in accordance with the nominated Bank's standard instructions. However, we highlight that where we have not been instructed by the Bank to value the property, specific assumptions required by the Bank may not have been incorporated into this valuation. Should the Bank require the valuation to be undertaken using additional or separate assumptions to those adopted in the valuation, these assumptions should be communicated to the Valuer for comment and if appropriate revision of the valuation may be necessary, which may produce a different result to our opinion of value. We strongly recommend that the Bank issue the Valuer with specific instructions to value the property including any appropriate and/or property specific assumptions that may be required in addition to their standing instructions.
- 8.6. Institutional valuations for financial reporting purposes where reliance is extended to specific Bank(s) for First Mortgage Security purposes will be subject to that within 8.5.

9. ESTIMATED SELLING PRICE AND ESTIMATED RENTAL RATES

- 9.1. Where You instruct Us to provide an estimated selling price or estimated rental rates, You agree that:
 - (a) The Services are limited to the provision of an opinion based upon Our knowledge of the market and informal enquiries.
 - (b) We are not required to carry out a full inspection of the property; any inspection of comparable properties; a search on Title(s) or other enquiries as to encumbrances, restrictions or impediments on Title(s); or other investigations which would be required for a formal valuation.
 - (c) We will provide an indicative figure only which is not suitable for use for any purpose other than as general information or guide as to sale expectations. It is not suitable to be relied upon for the purpose of entry into any transaction.
- 9.2. No responsibility will be accepted either to You or to any third party for loss or damage that may result from the issue of such an estimated selling price or estimated rental rates.

10. CURRENCY OF VALUATION

- 10.1. Due to possible changes in market forces and circumstances in relation to the subject property the Services can only be regarded as relevant as at the Currency Date.
- 10.2. Where You rely upon Our valuation or advisory report after the Currency Date, You accept the risks associated with market movement between the Currency Date and the date of such reliance.
- 10.3. Without limiting the generality of 10.2, You cannot rely upon Our valuation or advisory report:
 - (a) after the expiry of the Services Validity Period;
 - (b) where circumstances have occurred during the Services Validity Period which has a material effect on the value of the property or the assumptions or methodology used in the valuation or advisory report.

11. MARKET PROJECTIONS

- 11.1. Any market projections incorporated within our Services including, but not limited to, income, expenditure, associated growth rates, interest rates, incentives, yields and costs are projections only, and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
- 11.2. Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections.
- 11.3. Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

12. INSURANCE REPLACEMENT COST ESTIMATE

- 12.1. Where our services include an Insurance Replacement Cost Estimate, we highlight that our advice in this regard is an indicative estimate only, based on generic replacement costs provided by industry sources. Furthermore, our Insurance Replacement Cost Estimate should be confirmed by a full valuation conducted in accordance with ANZVTIP4 Valuations for Insurance Purposes in the Australia and New Zealand Valuation and Property Standards or verified by a suitably qualified quantity surveyor and / or building expert. We accept no responsibility for reliance on this figure other than as an indicative estimate for internal purposes.

13. DEVELOPMENT VALUATIONS

- 13.1. Our services will be conducted on the basis that all building works will be completed in a workmanlike manner and in accordance with all authority regulations. Furthermore, our analysis will be prepared on the basis that the property is appropriately certified upon completion to allow registration of a Strata Plan/Units Plan/Linen Plan and individual sale of the various allotments.
- 13.2. The values that will be adopted for residential apartments and associated car parking spaces will be inclusive of GST, while the non-residential/car space allotments will be adopted on a GST exclusive basis.
- 13.3. Where the property was purchased prior to 1 July 2000, we will adopt a Margin Value once appropriately confirmed. Accordingly, we will adopt the margin scheme for the residual calculation with input tax credits returned after the scheduled expenditure.
- 13.4. We will conduct our valuation analysis on the basis that all DA approvals, DA plans and consultant's reports are transferable, being reflected in the adopted valuation.

14. INVOICING AND PAYMENT

- 14.1. Our invoice will be made out and addressed to the entity as per the information you provide within the Acknowledgement section of the Professional Services Agreement. Any alternative entity will be required to agree in writing prior to any advice being readdressed. Further fees may be required. Payment due dates will not change.
- 14.2. Where draft advice is provided, You agree that We are authorised to invoice the full amount of the agreed fee for that Stage on delivery of the draft.
- 14.3. In the event that the Services continue for a period exceeding 30 days, We may choose to issue You with an invoice for up to 50% of Our Fees.
- 14.4. Where the brief is terminated prior to its conclusion, You will be invoiced for the cost of work completed at \$400 per hour exclusive of disbursements and GST, and reimbursed the difference between any payment up front. A copy of partially completed work will not be provided.
- 14.5. You must pay our Fees within 14 days of the date of a correctly rendered invoice. Fees that remain unpaid for a period of 30 days or more will attract an administration charge of 2% of the total of the invoice calculated per month or part thereof incurred from the date of the invoice.



15. YOUR OBLIGATIONS

- 15.1. You warrant that the instructions and subsequent information supplied by You contain a full and frank disclosure of all information that is relevant to Our provision of the Services.
- 15.2. You warrant that all third party expert or specialist reports provided to Us by You for the purpose of Us providing the Services are provided with the authority of the authors of those reports.
- 15.3. You authorise and licence us to incorporate Your intellectual property within our report(s).
- 15.4. You will not release any part of Our valuation or advisory report or its substance to any third party without Our written consent. Such consent will be provided at Our absolute discretion and on such conditions as We may require including that a copy of these Terms & Conditions be provided to such third party. This clause shall not apply to persons noted as reliant parties in Your prior instruction to Us or in the Quotation provided that You shall provide any such reliant parties with a copy of these Terms & Conditions.
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- 15.7. If You release any part of the valuation or advisory advice or its substance with our written consent, You agree: a) to inform the other person of the terms of our consent; and b) to compensate Us if You do not do so. We have no responsibility to any other person even if that person suffers damage as a result of any other person receiving this valuation or advisory services.
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A copy of Our Privacy Policy can be obtained by contacting Our Chief Privacy Officer.

18. SUBCONTRACTING

- 18.1. We may subcontract or otherwise arrange for another person to perform any part of the Services or to discharge any of Our obligations under any part of these Terms & Conditions, with Your consent.

19. LIABILITY

- 19.1. You agree to release Us and hold Us harmless from all liability to You for or in respect of any loss, damage, costs and expenses of whatsoever kind which we have or may have or, but for the operation of this Clause, might have had arising from or in any way connected with the Services or the use of the Services or any part of them. This release shall be complete and unconditional except in the case of gross negligence or wilful misconduct by Us in the provision of the Services.
- 19.2. You agree that You will fully indemnify Us for and in respect of all loss, liability, costs and expenses of whatsoever kind which We may suffer or incur arising from or in any way connected with any breach by You of Clause 15 or Clause 16. This indemnity shall include but not be limited to loss, liability, costs and expenses which we may suffer or incur in respect of any claims, actions, proceedings, disputes or allegations made against Us or to which we are a party.
- 19.3. Where the release referred to in Clause 19.1 does not apply, You agree that our liability in any such claim or claims will be limited to \$100,000 or a multiple of five times our Fee, whichever is the lower.
- 19.4. For the avoidance of doubt, the Services are provided by Us and no individual valuer or any other employee of Ours assumes any liability or responsibility for the Services.

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- 20.1. No further agreement, amendment or modification of these Terms & Conditions shall be valid or binding unless made in writing and executed on behalf of the Parties by their duly authorised officers.
- 20.2. If there is an inconsistency between these Terms & Conditions and the Quotation, any letter of instruction from You, or other specific request or information, the other specific request or information shall prevail to the extent of the inconsistency.

21. GOVERNING LAW

- 21.1. These Terms and Conditions are governed by the law of the State in which Our principal place of business which is providing the Services is located.



CIVAS (NSW) Pty Limited offers a range of valuation services in the following specialist areas:

Commercial
Industrial
Retail (including Large Format Retail)
Hotels
Student Accommodation
Healthcare & Retirement Living
Government
Statutory & Litigation
Development
Corporate Valuations
Plant & Machinery
Extractive Industries & Waste Management
Rural & Agribusiness
Wine Industry
Self-Storage
Child Care Centres
Service Stations
Consultancy Services

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