



Accord Early Learning Fund | December Quarter 2022

Fund	Accord Early Learning Fund
NTA	\$1.03 per unit
Number of Assets	4 Completed 9 in Development
Portfolio Value (completed)	\$24.9m
Weighted Avg Cap Rate	5.39%
WALE	16.3 yrs
Target FY23 Distribution Yield	5.25%-5.50% p.a
Gearing	16.34%

Portfolio Update:

The Accord Early Learning Fund revalued its completed assets in June 2022 resulting in a 3% valuation uplift and increasing the Fund's NTA to \$1.03 per unit. We expect the Fund's unit price to remain stable over the medium term, given underlying sector tailwinds and demand for essential service assets.

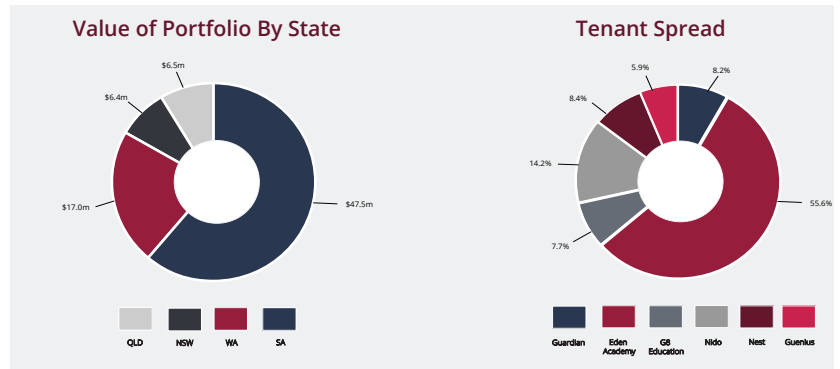
During the quarter, the Fund successfully agreed lease extensions with Eden Academy at 7 of our properties, increasing the term of these leases from 15 year to 20 year terms. These lease extensions, which are in the process of finalising documentation, will have the effect of increasing the portfolio WALE from 16.3 years to 18.9 years (based on a fully complete development pipeline), providing the Fund with longer term security of income and the potential for valuation upside. These lease extensions also demonstrate the tenants' views on the longevity of this asset class.

The Accord Early Learning Fund continues to make progress on its development pipeline and is pleased to announce the completion of our Morphet Vale, South Australia site. This site opened on the 18th of October and Eden Academy, a highly experienced national childcare operator, commenced trading on a 20 year lease. The completion of this asset is yet another exciting step for the Fund and brings the completed number of assets in the portfolio to four, with a further nine assets in various stages of development. We expect six of those assets to be completed by 30 June 2023.

The Fund however, has not been immune to the drastically changing macroeconomic environment which has seen a significant increase in the cost of debt, as well as supply chain constraints. These costs as well as delays to the Fund's development pipeline continue to have an impact the Fund's distributable earnings.

Finally we, plan to undertake a small capital raise in the first quarter of 2023 to assist in the acquisition a brand new, modern design childcare centre strategically located in one of the fastest growing corridors in Victoria. The development is in the final stages of construction and is expected to open and commence trading in February 2023. The property is securely leased to Eden Academy on a 15 year lease.

Should you have any interest participating in this equity raise, please contact Accord to reserve your interest.



Sector Update:

The childcare sector has been very topical amongst the broader investment community over the course of 2022. Both the Federal and State Governments have continued to announce funding and support packages that we anticipate will underpin earnings in the sector and drive demand for childcare services. Recently, the private sector, in particular private equity groups such as Partners Group have indicated their intention to capitalise on the strength of the sector by flagging a possible sale of the Guardian Childcare business. More recently leading Australian childcare operator Genius Education submitted a full takeover bid for the balance of the ASX listed Mayfield Childcare Limited. Mayfield own and operate 20 Long Day care centres in Melbourne and the acquisition seems logical, given the diversification and immediate benefit of scale.

The sector continues to present compelling opportunities and Accord expects that yields for quality childcare assets, particularly when compared to other asset classes, will remain stable in the medium term.

ABOUT ACCORD

Accord is a national property development and funds management business. We provide development and investment solutions across a range of sectors, including commercial, retail, childcare, healthcare and industrial. We focus on providing outstanding results for our investors and tenant partners, which has resulted in ongoing long-term relationships.

Accord Early Learning Fund ABN: 88 978 552 101

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ADELAIDE SA 5000	SOUTH YARRA VIC 3141	BRISBANE QLD 4000	SUBIACO WA 6000

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