



Accord Early Learning Fund | March Quarter 2023

Fund	Accord Early Learning Fund
NTA	\$1.03 per unit
Number of Assets	8 Completed 6 in Development
Portfolio Value (completed)	\$50.2m
Weighted Avg Cap Rate	5.39%
WALE	17.3 yrs
Target FY23 Distribution Yield	5.25%-5.50% p.a
Gearing	26.72%

Portfolio Update:

The first quarter of 2023 has proven to be an extremely busy one for the Accord Early Learning Fund. Following the previously announced lease extensions from 15 years to 20 years on 7 of our properties, the Fund embarked on and successfully completed a capital raise. Funds were used to acquire an Early Learning Centre in Tarneit, VIC as well as to fund the remainder of the Fund's development pipeline.

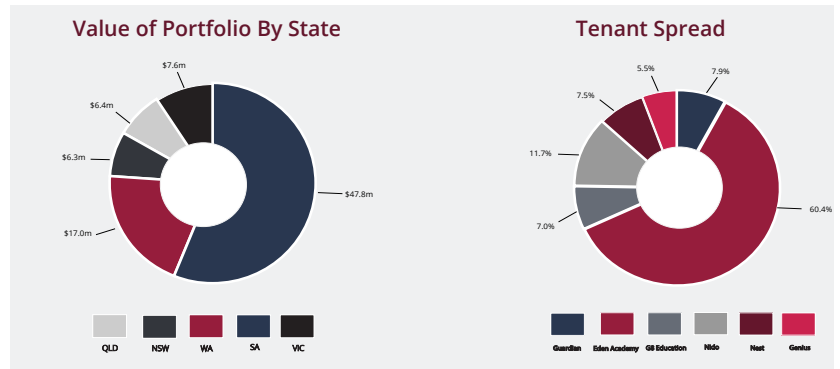
Tarneit, which is located in a growth corridor in the western fringe of metropolitan Melbourne, comprises a brand new, modern, double level childcare centre with 124 allocated places. The property is leased to national childcare operator, Eden Academy, on a 15 year lease. The centre is currently trading at full capacity.

The equity raise was conducted against a backdrop of a bank run and liquidity crisis which saw global powerhouse Credit Suisse, heralded as one of the few banks globally that didn't require a government bailout during the Global Financial Crisis accept a forced merger with its fierce rival, UBS, with the ensuing risk-off trade from investors making the environment for raising additional capital tougher. Pleasingly, given strong secular tailwinds and appetite from investors for defensive income and 'real assets' exposure the equity raise was well supported and closed within our stated objective.

During the quarter the Fund also completed three development projects, in Seaford and Aldinga, South Australia and Lakelands in Western Australia. The completion of these developments, together with the acquisition of Tarneit, brings the total number of operating properties in the portfolio to eight. The remainder of the Fund's development pipeline comprises six properties, of which three are expected to reach completion by the end of June 2023.

The Fund has not been totally immune from the impact of increasing volatility in the broader macroeconomic environment, however we remain vigilant in our cost assumptions and maintaining appropriate debt levels to achieve our objectives.

Looking forward, we remain open to opportunities currently being presented in the market, whilst remaining cognisant of current pricing. We expect a number of opportunities to present value to the fund and unitholders over the coming months and will look to bring a portfolio of new properties to investors in the later part of CY23. We will keep you updated on the likely timing of this capital raise over the coming months.



Sector Update:

With more than \$1bn of Childcare assets changing hands since 2021¹, Accord continues to remain optimistic on the strength, resilience and liquidity of the Early Learning Sector. Demand for services and record female workforce participation rate have, and continue to drive increased long day care participation rates over the medium to long term and it is the thematic that will continue to serve investors in this sector well.

Increased investor interest over the course of 2023, despite rising interest rates has placed the sector under a renewed investor focus. A recent report from Cushman & Wakefield flagged the removal of the cap on the federal government's childcare subsidy has led to a significant increase in the demand for childcare places, resulting in significant yield compression for city-based centres from an average 6.8% in 2014 to 4.9% in 2022.

Whilst not suggesting all assets trade equally, we float the idea that as the current asset class remains strong and demand for both childcare places and investor appetite for defensive yield options remain front of mind, our portfolio remains in good shape to further strengthen and take advantage of current market conditions.

Registry Update:

Accord is excited to announce it has recently partnered with Automic Group to provide registry services for all of the Accord funds. Automic Group is a leading provider of secure registry services across the Funds Management Industry. We expect the transition to Automic to occur over the coming weeks and are excited for investors with new and improved functionality and efficiencies. Unitholders will receive emails from both Accord and Automic over the coming weeks with important details on next steps, and as always please feel free to call or email if you have any questions.

1. JLL Monthly Childcare Bulletin, January 2023

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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