

EOI FACTS SHEET

ABC2 Group Pty Ltd
ABN 74 122 710 141

Stephen Parbery and Daniel Bryant
Court Appointed Receivers and Managers (CAR)

Expression of Interest (EOI) Facts Sheet
As at 16 January 2009

1. Background to EOI

As you may be aware, on 10 December 2008, ABC Learning Centres Limited's Receiver, Mr Chris Honey of McGrathNicol finalised a review of all ABC Learning centres. In conjunction with this review, the Australian Government agreed to provide funding for 262 centres (**Government Supported Centres**) to allow them to continue trading into the New Year. If necessary, the Australian Government intends to provide financial assistance to the Government Supported Centres until 31 March 2009.

Having regard to this funding arrangement, the Australian Government sought the appointment of separate Court Appointed Receivers and Managers (**CAR**) to review, manage and resolve the future of these Government Supported Centres.

The Supreme Court of New South Wales appointed Stephen Parbery and Daniel Bryant, of PPB Corporate Recovery (**PPB**) as the new Court Appointed Receivers and Managers of:

- o 228 Government Supported Centres (previously under the control of ABC Learning Centres Limited's Receiver, McGrathNicol); and
- o 21 centres owned and leased by the Department of Defence. These centres will continue to operate with Government support while new management arrangements are determined.

In addition, control of the 13 ABC Learning branded child care centres owned by 123 Operations (Australasia) Pty Ltd, has by agreement with its liquidator, been transferred to the CAR. These 13 centres were included in the group of 241 centres identified as Government Supported Centres in McGrathNicol's announcement of 10 December 2008.

The CAR is currently looking at a range of options for the Government Supported Centres, including their sale to new owners (via an EOI process) or, in some cases, the transfer of children to suitable alternative arrangements. For the avoidance of any doubt, all centres operate from leasehold premises. Accordingly, it is the business of the centre (not including freehold land and buildings) that is being offered.

The childcare centres which are part of this EOI process comprise the Government Supported Centres referred to above, other than the 21 centres owned and leased by the Department of Defence (**ABC 2 Group Centres**).

The remaining 720 ABC Learning Centres continue to be managed by McGrathNicol, which has indicated that there is no sale process in place for those centres at this stage. Parties that have expressed interest in any of those 720 centres will be notified by McGrathNicol, if and when that position should change.

With regard to the sale of the Government Supported Centres via an EOI process, this Fact Sheet sets out some important information that you should be aware of, including:

- how to progress your interest in acquiring and/or operating a Government Supported Centre;
- the likely timeline and process that will be followed;
- the selection criteria against which your proposal will be assessed; and
- some useful web links such as relevant state licensing websites that you should visit.

You should be aware that this Fact Sheet is only intended to provide guidance to some of the questions you may have. Any specific unanswered questions should be directed to the dedicated EOI email address (abc2.expressionsofinterest@ppb.com.au).

2. Which centres form part of the EOI process?

This EOI process is a new process in respect to the ABC 2 Group Centres, being the Government Supported Centres (other than the 21 centres owned by the Department of Defence) appearing on the listing located at www.childcare.com.au or www.ppb.com.au/site/abc.

This list of ABC 2 Group Centres will be updated from time to time, so please ensure that you check the web site regularly for the centre(s) in which you are interested.

3. Can I purchase an ABC 2 Group Centre and a continuing ABC Centre?

This EOI process being run by the CAR only deals with the businesses of the ABC 2 Group Centres (refer question 2 above).

In relation to other ABC centres, you should contact the ABC Receiver, McGrathNicol, via abcinterest@mcgrathnicol.com. However you should note McGrathNicol's most recent stated position was that the centres under the control of the ABC Receivers and Managers (McGrathNicol) are not currently being offered for sale.

4. How do I lodge an Expression of Interest (EOI)?

First email the CAR at abc2.expressionsofinterest@ppb.com.au and indicate that you are interested in taking part in the EOI process.

There is no specific format in which an interested party must submit their expression of interest.

The CAR will then respond to you (via email) acknowledging your expression of interest and provide you with a standard Interested Party Questionnaire and Confidentiality Agreement which you will need to complete and return to the CAR.

If you have previously sent an EOI in respect of an ABC 2 Group Centre via email to either McGrathNicol or the CAR, your interest has been noted, however you will still need to complete the Interested Party Questionnaire and Confidentiality Agreement (refer question 5 below).

5. What should I do after I submit an EOI?

In order to progress to the next stage of the EOI process in respect of the ABC 2 Group Centres, please ensure that you attend to the following:

- Complete the standard **Interested Party Questionnaire** and **Confidentiality Agreement**, available via the PPB website (or as provided to you by email) and return to the CAR by 21 January 2009; and
- Lodge with the CAR, a \$500 fully refundable deposit, payable by direct deposit (account details on the PPB website) or by cheque to ABC 2 Group Pty Ltd (Receivers and Managers Appointed), as an indication of genuine commitment to the EOI process.

6. By what date do EOI need to be lodged?

At this stage the CAR requires all EOI (along with the completed Interested Party Questionnaire, executed Confidentiality Agreement and \$500 fully refundable deposit) to be submitted by 21 January 2009.

7. Will I have to sign a Confidentiality Agreement (CA)?

Yes. An executed CA (in the prescribed format) will be required before any information with respect to any ABC 2 Group Centre is provided.

8. What is the expected EOI process from here?

At this stage, the EOI process will be split into two phases.

Phase One (Non Binding Offers)

All interested parties that have returned an executed CA and paid their \$500 fully refundable deposit will be provided access to high level information on the centres in which they have expressed interest via an online data room. CAR will contact each interested party to arrange access.

Following review of this information, CAR invites interested parties to submit indicative non-binding offers for the purchase of each centre.

You may express an interest in one or any number of centres. However, your indicative non binding offer must be submitted on a centre by centre basis.

Phase Two (Binding Offers)

Subject to CAR review of the indicative non-binding offers, a short list of interested parties will be determined by the CAR. This short list will be provided with additional information on each relevant centre, via an online data room. Again access to the online data room will be provided by CAR at the appropriate time.

Based on their review of the information on each centre, interested parties will then be expected to provide formal binding offers (in a prescribed format) to CAR by 25 February 2009.

It is expected that onsite inspections of ABC 2 Group Centres and discussions with relevant Centre Directors (under the supervision of the CAR) will form part of Phase Two.

The CAR will advise interested parties of the outcome of Phases One and Two of the EOI as soon as practicable.

9. What is the expected EOI timeline from here?

At this stage, the expected timeline of the EOI process is as follows:

- 1 January 2009 to 21 January 2009 – EOI received from interested parties by CAR.
- By 14 January 2009 – Interested Party Questionnaire and CA available to all interested parties via the PPB website (www.ppb.com.au/site/abc).
- By 21 January 2009 – Interested Party Questionnaire and executed CA returned to CAR together with payment of \$500 fully refundable deposit (payable by direct deposit (account details on the PPB website) or by cheque to ABC 2 Group Pty Ltd (Receivers and Managers Appointed)).
- 21 January 2009 – Online data room access granted (via secure password) to interested parties (who have returned properly completed questionnaires, executed CA and paid \$500 fully refundable deposit).
- 21 January 2009 – Pro-forma Offer Documents to be made available for downloading by interested parties via the PPB website (www.ppb.com.au/site/abc).
- 21 January 2009 to 31 January 2009 – Interested parties review online data room information (Phase One)
- By 31 January 2009 – Interested parties submit initial non-binding indicative offer (Phase One offers) for each centre.
- From 6 February 2009 – At the CAR's sole discretion, a short list of interested parties will be invited to participate in Phase Two of sale process with access (via password control) to online data room containing further detailed information on each centre (Phase Two).
- By 25 February 2009 - Interested parties submit formal binding offers for each centre subject to licensing requirements being satisfied and acceptance by CAR, landlords and (with respect to furniture and fittings) McGrathNicol or Liquidator of 123 Operations (Australasia) Pty Ltd (as appropriate).
- From 25 February 2009 - Upon acceptance by CAR of the binding offer (Phase Two offer), the interested party will be expected to provide an executed contract of sale (in the prescribed form) together with a deposit, most likely to be 10% of the purchase price.

10. Will there be a prescribed format to submit an offer

Yes. All offers (indicative non-binding and binding) **must** be submitted in accordance with the pro-forma document that will be available to be downloaded via the PPB website (www.ppb.com.au/site/abc).

11. Upon what criteria will my offer be assessed?

In assessing the capabilities of interested parties beyond the necessary licensing requirements of proposed operators, the CAR will also have regard to, amongst other things, the proposed operator demonstrating the following capabilities in their proposal:

Mandatory Criteria

- Delivery of high quality early learning and care programs in a child care setting which will meet the needs of the local community.

- Demonstration that the organisation has the capacity to successfully manage the operation of early learning and care centres while delivering high quality early learning and care programs.
- Demonstrated need/demand for the proposal within the community.
- Financial viability and sustainability of the proposal.
- Demonstrated ability to meet all requirements of workplace relations and occupational health and safety law.

Desirable Criteria

- Contribution to the diversification of long day care provision in Australia, noting the opportunities this will represent for a diverse range of potential organisations of different size and character and the desirability of having one or more not-for-profit organisations operating at an economic scale.
- Demonstrated commitment to adopt leading-practice employment approaches, as indicated by preparedness to take on accrued employee entitlements of former ABC employees, commitment to training and staff development.

12. What are the licensing requirements?

You should become familiar with the licensing requirements before submitting any offer and be aware that you will be responsible for meeting all relevant licensing requirements.

Set out below are some links to relevant State Government's licensing websites.

- NSW - http://www.community.nsw.gov.au/DOCS/STANDARD/PC_100973.html
- QLD - <http://www.communities.qld.gov.au/childcare/forms/#licensing>
- SA - <http://www.childcare.sa.gov.au/ybsproviders/>
- TAS - <http://www.childcare.tas.gov.au/publications/forms>
- VIC - <http://www.education.vic.gov.au/oecd/earlychildhood/library/forms.html>
- WA - <http://www.community.wa.gov.au/DFC/Resources/ChildCare/ChildCareLicensingandStandardsUnit/>
- NT - http://www.health.nt.gov.au/Children_Youth_and_Families/Childrens_Services/Child_Care_Guides_and_Resources/index.aspx

13. When will asking prices for centres be released?

There is no set 'asking price' for individual centres. Each interested party will be asked to provide an indicative, non-binding offer for each centre.

The CAR will assess all offers, having regard to the criteria set out at questions 11 and 17 and invite (at their sole discretion) a short list of parties to participate in the next stage of the sale process (see Phase Two in question 8 above).

14. Are there other stakeholders that may have a say in this EOI process?

Yes.

All ABC 2 Group Centres operate from leasehold premises and the landlords of those premises will need to be satisfied that any incoming centre operator meets their own particular criteria.

Other stakeholders that may also have a say, include Federal and State licensing regulatory bodies and Local Governments. The CAR will take account of the views of the Commonwealth Government, given its policy interests in the provision of high quality, sustainable child care. The Commonwealth Government is funding the operating activities of ABC 2 Group Centres to 31 March 2009 and the costs of the CAR. However, the ultimate decision on the future of each ABC 2 Group Centre resides with the CAR.

The CAR will have regard to the requirements of centre landlords and other stakeholder input when preparing a shortlist of interested parties as referred to above (refer question 8 above).

15. Will I receive any further updates from the CAR?

Yes, you will continue to receive regular updates via email, when further information becomes available.

This information will also be available on the PPB website (www.ppb.com.au/site/abc).

We encourage you to visit this website on a periodic basis to keep apprised of developments as they arise.

16. Where can I go for more information?

Information regarding the EOI process is available on the PPB website (www.ppb.com.au/site/abc).

Specific questions concerning the sale process of ABC 2 Group Centres should be directed to the CAR's dedicated email address, abc2.expressionsofinterest@ppb.com.au.

Please bear in mind that we anticipate significant volumes of enquiries into the EOI process, so we encourage you to satisfy your questions in the first instance via this Facts Sheet and from updated information that will be posted from time to time on the above PPB website.

17. Additional information you should take note of.

CAR expressly reserves the right to terminate or modify the EOI process (including the assessment criteria), accept or reject offers, terminate its dealings or involvement with any party at any point in the process and enter into discussion or arrangements with any party or parties at any time without explanation or obligation to any other party.

All contact and discussions should be conducted with CAR. No contact or discussions will be allowed with any personnel of ABC in respect of this process, without the prior written approval of CAR.

Prospective purchasers should note the following:

- CAR reserves the right to evaluate all offers by reference to any criterion that it sees fit, including that referred to at question 11 above;
- CAR will have regard to other stakeholder interest, such as that noted at question 14;

- The prospective purchaser enters into the process at its sole risk and cost;
- CAR may terminate the process at any time and without providing reasons for doing so; and
- CAR, its staff and agents are not liable for any loss incurred, directly or indirectly, by any prospective purchaser as a consequence of such a termination.