

ERSKINE+OWEN™

Intelligent Property Investment

OUR LATEST COMMERCIAL PROPERTY SYNDICATION

Daycare Property Syndicate Limited Partnership

6.6%*
P.A

PROJECTED
CASH RETURN
PAID MONTHLY

Fully tenanted by Early Childcare
Education centres



Offer restricted to "Wholesale Investors" under clauses 3(2) and 3(3)(a) of schedule 1 to the Financial Markets Conduct Act 2013.

*Projected pre-tax return for full one year period. Details on how the return will be calculated and the risk associated with the investment and return are set out in the Information Memorandum.

OUR LATEST COMMERCIAL PROPERTY SYNDICATION

Daycare Property Syndicate Limited Partnership

- + 6.6%* projected cash return paid monthly
- + Five fully tenanted Daycare Centres
- + Run by experienced Daycare operators with 10–15 year leases
- + Located in Silverdale, Papatoetoe, Pokeno, Tuakau and Dunedin
- + \$50K minimum investment for wholesale/eligible investors
- + The offer has been fully underwritten
- + Offer closes 9 March 2020, or earlier if fully subscribed
- + Total property value \$15,550,000

*Projected pre-tax return for full one year period. Details on how return will be calculated, and the risk associated with the investment and return, are set out in the Information Memorandum.

FIVE LOCATIONS

Spread Nationally in Population Growth Areas

PROPERTY	ADDRESS	TENANT OPERATOR	VALUATION
Silverdale	2 Weir Lane	The Learning Tree	\$7,100,000
Papatoetoe	170 Puhinui Road	Pukeko Preschools	\$1,950,000
Pokeno	2–4 Hillpark Drive	Urban Explorers	\$3,050,000
Tuakau	3 School Road	Learning Castle	\$2,000,000
Dunedin	39 Queens Drive, St Kilda	Pukeko Preschools	\$1,450,000
TOTAL PROPERTY VALUE			\$15,550,000



FULLY TENANTED

Long Term Experienced Daycare Operators

The five syndicated Daycare properties are all in locations which are experiencing growth in population and increased demands on residential housing. This growth fuels the requirements for Daycare with dual income families requiring Early Childhood Education and childcare.

- + Each property is fully tenanted by experienced Daycare operators.
- + Initial leases are between 10 and 15 years and in most cases, annual rent increases are built in, with market reviews every 3 or 5 years. WALT 12.5 years.
- + Early Childcare Education businesses operate long term in the same premises. Building obsolescence in Daycare centre properties is minimal ensuring reliable long term tenants.

EARLY CHILDCARE MARKET

Daycare as Business Growth Sector

The Early Childhood Education (ECE) market is a significant and growing business sector.

This is largely driven through changes in our population, demographics and the way we live and work. Two working parents in a family unit and many solo parent households, has made childcare an integral part of modern family life. Parents' expectations of education and the standards of facilities available, ensure quality premises and good business practices.

Since 2008, the proportion of children enrolled in ECE has risen significantly from 93.6% to 96.6%. Time spent in ECE has increased from 13.5 hours to 21.7 hours a week. Public funding for the sector is reliable and secure. The government committed an additional \$396.9 million in the 2018 budget to fund the ECE care for an extra 14,000 children by 2019/2020, with a stated objective of 98% of children attending ECE.

Population growth is also a key factor in the ECE market. There are 4,596 providers of ECE services in New Zealand today and this has been growing at an average rate of 152 per annum, mirroring the growth in population. As population increases, so too does the demand for Daycare centres.

Recent sales of Daycare properties have been strong.

The ECE property sector is regarded as more secure than other property asset classes, due in part to the Ministry of Education childcare registration being linked to a Daycare property. Landlords are favourable to this business sector and typically offer long term lease profiles. The value of a childcare business is closely linked to the physical property it operates from. The resource consent for childcare use and the Ministry of Education registration is included in the valuation.

Building obsolescence in Daycare centre properties is low and minimal. Most ECE businesses operate from the same premises long term.

Daycare is a growth market and a sector with little risk of obsolescence. Population growth, dual income families and strong legislation around childcare are all contributors. Auckland has had a significant growth in the number of Daycare centres in recent years due to demand outstripping supply.

RISKS

Investments in syndicated commercial and industrial property does carry risk. Prospective investors must determine whether the investment is appropriate having regard to their own investment objectives and financial situation. Investors are encouraged to seek independent financial, tax and legal advice on these matters.

The Offeror and General Partner considers that the most significant risk factors that could affect the value of a Limited Partnership interest are:

- + **Loss of rental income:** a default by any tenant in paying rent rental and outgoings may affect forecast returns.
- + **Re-leasing:** costs may be incurred in any future re-leasing of the property and failure to re-lease will likely affect its value.

- + **Interest rate and bank risk:** interest rate movements are unable to be accurately predicted and an increase in interest rates may affect returns and bank covenant compliance.
- + **Capital expenditure risk:** capital expenditure for the property may be more than budgeted. No warranty or representation is made in respect of whether the revenue, expenses, or any capital appreciation in the future will be achieved.

Actual results are likely to be different to the forecasts since anticipated events frequently do not occur as expected and the variation may be significant. Accordingly, Erskine + Owen, its shareholders, directors, employees, advisors or agents nor any other person can provide any assurance with respect to such information.



NEXT STEP

Register your interest

To register your interest and to receive a copy of the Information Memorandum for the Daycare Property Syndicate contact:

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About Erskine + Owen

Erskine + Owen specialise in helping people create wealth and passive income through intelligent property investment.

Proportionate ownership (or syndication) makes investing in commercial property more achievable. Pooling together with other investors gives access to potentially higher value, higher return and higher growth properties. Erskine + Owen has helped hundreds of clients generate significant equity growth over the last twelve years. We provide a comprehensive service from financial planning, sourcing investment properties and property management.

Learn more online at www.erskineowen.co.nz



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