

Securities Act (Evolve Education Group Limited) Exemption Notice 2014

Pursuant to section 70B of the Securities Act 1978, the Financial Markets Authority being satisfied of the matters set out in section 70B(2) of that Act, gives the following notice.

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Notice

- Title**
This notice is the Securities Act (Evolve Education Group Limited) Exemption Notice 2014.
- Commencement**
This notice comes into force on 14 November 2014.
- Revocation**
This notice is revoked on the close of 31 May 2015.
- Interpretation**
 - In this notice, unless the context otherwise requires,—
Act means the Securities Act 1978
Business means:
 - each of the early childhood education centres, home-based early childhood education businesses and companies that

manage early childhood education centres (and includes as applicable, acquiring all the equity securities of any company that owns any of those businesses) referred to in the prospectus to be acquired except for Lollipops and PORSE

Evolve Education means Evolve Education Group Limited

First Schedule means Schedule 1 of the Regulations

International Financial Reporting Standards means—

- (a) International Financial Reporting Standards and International Accounting Standards that have been issued or adopted by the International Accounting Standards Board in accordance with the constitution of the International Accounting Standards Committee Foundation; and
- (b) final interpretations by the International Financial Reporting Standards Interpretations Committee approved by the International Accounting Standards Board in accordance with that constitution

Lollipops means Lollipops Educare Holdings Limited

offer means the offer to the public of shares in Evolve Education

NZ IFRS means New Zealand Equivalents to International Financial Reporting Standards

PORSE means PORSE In-Home Childcare (NZ) Limited, PORSE Franchising (NZ) Limited, PORSE Education & Training (NZ) Limited, and FOR Life Education & Training (NZ) Limited

prospectus means the registered prospectus relating to the offer

Registrar means the Registrar of Financial Service Providers

Regulations means the Securities Regulations 2009

shares means fully paid ordinary shares in Evolve Education

- (2) Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this notice has the same meaning as in the Act or the Regulations.

5 Exemption from clause 12(3)(a) of the First Schedule

Evolve Education and every person acting on its behalf are exempted from clause 12(3)(a) of the First Schedule to the extent that that clause requires the prospectus to contain the name of the member of the issuing group that will acquire a Business.

6 Condition of exemption in clause 5

The exemption in clause 5 is subject to the condition that the prospectus contain a map of New Zealand showing the town or city where the Businesses that are early childhood education centres are located and a statement that each Business will on completion of the acquisition be owned by Evolve Education or a

wholly owned subsidiary of Evolve Education.

- 7 Exemption from clause 12(3)(b) of the First Schedule**
Evolve Education and every person acting on its behalf are exempted from clause 12(3)(b) of the First Schedule to the extent that that clause requires the prospectus to contain the amount of the consideration paid, payable, or proposed to be paid, for each Business.
- 8 Condition of exemption in clause 7**
The exemption in clause 7 is subject to the condition that the prospectus contain a statement of the amount of the consideration proposed to be paid for all of the Businesses in aggregate.
- 9 Exemption from clause 12(3)(c) of the First Schedule**
Evolve Education and every person acting on its behalf are exempted from clause 12(3)(c) of the First Schedule to the extent that that clause requires the prospectus to contain, in respect of each Business, a brief description of the business in the course of the 5 years before the specified date.
- 10 Condition of exemption in clause 9**
The exemption in clause 9 is subject to the condition that the prospectus contain a brief description of the general nature of the Businesses as a whole rather than a separate description of each Business.
- 11 Exemptions from clause 12(3)(d) and (e) of the First Schedule**
Evolve Education and every person acting on its behalf are exempted from clause 12(3)(d) and (e) of the First Schedule to the extent that those clauses apply to the intended acquisition by Evolve Education (or any wholly owned subsidiary of Evolve Education) of any Business.
- 12 Conditions of exemptions in clause 11**
The exemptions in clause 11 are subject to the following conditions:
- (a) that the prospectus contain a clear and concise statement identifying the financial information usually required under clauses 12(3)(d) and (e) of the First Schedule which has not been provided ;
 - (b) that the prospectus contain a clear and concise statement as to why the financial information referred to in subclause (a) is not contained in the prospectus;
 - (c) that the prospectus contain a statement by the directors of Evolve Education that, in their opinion, not including the information referred to in subclause (a) will not have a

material adverse effect on subscribers;

- (d) that the prospectus contain prospective financial information of the issuing group for the financial years ending 31 March 2015 and 31 March 2016 consistent with clause 11(1)(c) of the First Schedule, and an investigating accountants report that will state:

“Based on its limited assurance the procedures on the prospective financial information and the director’s assumptions, which is not an audit, nothing has come to its attention which causes it to believe that, in any material respect:

- a) *the directors’ assumptions based on best information set out in the prospective financial information section of the prospectus, and subject to the risks set out elsewhere in the prospectus, do not provide a reasonable and supportable basis (as defined by FRS-42) for the prospective financial information;*
- b) *the prospective financial information was not properly prepared on the basis of the assumptions based on best information; and*
- c) *the prospective financial information is not presented fairly in accordance with the recognition and measurement principles prescribed in accounting standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by Evolve Education.”; and*
- (e) that the prospectus contain a clear and concise statement by the directors of Evolve Education setting out the reasons why they consider it appropriate to provide the alternative financial information referred to in subclause (d) and why they consider the information will be more useful in assessing the merits of the offer.

13 Exemptions from clause 12(3)(d) and (e) of the First Schedule

Evolve Education and every person acting on its behalf are exempted from clause 12(3)(d) and (e) of the First Schedule to the extent that those clauses apply to the intended acquisition by Evolve Education (or any wholly owned subsidiary of Evolve Education) of Lollipops.

14 Conditions of exemptions in clause 13

The exemptions in clause 13 are subject to the following conditions:

- (a) that the prospectus contain summary financial statements (if practicable, in tabular form) that comply with clause 9(2) to (4) of the First Schedule that include Lollipops and only

- those subsidiaries of Lollipops that will be part of the Lollipops group at completion of the purchase of Lollipops by Evolve Education, in respect of the 2 accounting periods preceding the date the prospectus is delivered to the Registrar for registration;
- (b) that the prospectus contain special purpose audited financial statements for Lollipops' 2014 financial year and comparatives for Lollipops' 2013 financial year prepared in accordance with NZ IFRS applying Framework for Differential Reporting but including a statement of cashflows that include Lollipops and only those subsidiaries of Lollipops that will be part of the Lollipops group at completion of the purchase of Lollipops by Evolve Education;
 - (c) that the prospectus contain a clear and concise statement identifying the financial information usually required under clauses 12(3)(d) and 12(3)(e) of the First Schedule which has not been provided for Lollipops in the prospectus;
 - (d) that the prospectus contain a clear and concise statement as to why the financial information referred to in subclause (c) is not contained in the prospectus;
 - (e) that the prospectus contain a statement by the directors of Evolve Education that, in their opinion, not including the financial information referred to in subclause (c) will not have a material adverse effect on subscribers; and
 - (f) that the prospectus contain a clear and concise statement by the directors of Evolve Education setting out the reasons why they consider it appropriate to provide the alternative financial information set out in subclauses (a) and (b) , and why they consider the information will be more useful in assessing the merits of the offer.

Dated at Auckland this 13th day of November 2014.



Simone Robbers
Director of Primary Markets and Investor Resources
Financial Markets Authority

Statement of reasons

This notice comes into force on 14 November 2014 and is revoked on 31 May 2015.

This notice relates to an offer to the public of equity securities in Evolve Education Group Limited (**Evolve Education**). The notice exempts Evolve Education from clauses 12(3)(a) to (e) of Schedule 1 of the Securities Regulations 2009 (**Regulations**) in respect of information to be provided in the prospectus about certain businesses (the **Businesses**) to be acquired by Evolve Education or its subsidiaries. The exemptions also exempt Evolve Education from clauses 12(3)(d) and (e) of the Regulations in respect of information to be provided about Lollipops Educare Holdings Limited (**Lollipops**), which is also a business Evolve Education or one of its subsidiaries intends to acquire.

The Businesses

Evolve Education is exempted from stating in the prospectus which member of the issuing group intends to acquire each of the Businesses, the consideration to be paid for each of the Businesses and a description of each of the Businesses. The conditions of these exemptions require Evolve Education to state in the prospectus that Evolve Education or one of its subsidiaries will acquire the Businesses, to refer to the total consideration paid for the Businesses and to provide a general description of the Businesses.

The exemptions also exempt Evolve Education from providing the usually required summary financial statements in respect of the 5 accounting periods preceding registration of the prospectus and the latest audited financial statements for each of the Businesses. The conditions of these exemptions require Evolve Education to state what the usually required information is and why it is not provided, to provide certain prospective financial information instead, to state that the Directors of Evolve Education believe not including the usually required information will not have a material adverse effect on investors and why the alternative information provided is more useful to prospective investors to assess the merits of the offer.

Lollipops

The exemptions also exempt Evolve Education from providing the usually required summary financial statements in respect of the 5 accounting periods preceding registration of the prospectus and the latest audited financial statements of Lollipops, a business Evolve Education or one of its subsidiaries intends to acquire, because the Lollipops financial statements include subsidiaries that will not be part of the acquisition. The conditions of these exemptions require Evolve to instead provide special purpose audited financial statements that are relevant to the parts of the business Evolve Education intends to acquire.

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The conditions to these exemptions require Evolve Education to state what the usually required information for Lollipops is and why it is not provided, to state that the Directors of Evolve Education believe not including the usually required information will not have a material adverse effect on investors and why the alternative information provided is more useful to prospective investors to assess the merits of the offer.

The Financial Markets Authority (**FMA**), after satisfying itself as to the matters set out in section 70B(2) of the Securities Act 1978, considers that it is appropriate to grant the exemptions because—

- the majority of the historical financial information usually required for each of the Businesses is unavailable or unreliable;
- Evolve Education is unable to provide alternative historical financial information for the Businesses that is meaningful to prospective investors;
- Evolve Education will provide prospective financial information, which should help prospective investors assess the merits of the offer;
- the usually required financial information for Lollipops, although available, would be misleading or confusing for prospective investors and alternative information to be provided should help prospective investors assess the merits of the offer; and
- the requirement to warn prospective investors that certain financial information is not provided and to explain the reasons for providing alternative information means that there will be no significant detriment to subscribers.

In these circumstances we consider that the exemptions will not cause significant detriment to subscribers and that the exemptions are not broader than is reasonably necessary to address the matters that gave rise to the exemptions.
