
From: jeffrey E. <jeevacation@gmail.com>
Sent: Monday, November 10, 2014 10:18 PM
To: Eileen Alexanderson
Subject: Re: KUE

timber?

On Mon, Nov 10, 2014 at 5:12 PM, Eileen Alexanderson <[REDACTED]>
<mailto:[REDACTED]> > wrote:

Teleconference of KUE partner meeting finished=a little while ago. The attached, which I sent last week, is a good summar= of the situation.

From today's meeting:

-deal in hand for the sale of the Intl operation in =singapore for net proceeds of \$108.2mil was announced at the meeting. Also =UE has a signed term sheet, with a exclusivity period only until Dec=8th, for the sale of the Canadian Intl School which would net \$248mil. Combined \$357mil net proceeds after d=bt repayment is a bit below guidance I had been given of \$400mil and a bit=will be held back in an escrow account. Guidance was for a late Dec or Jan=distribution of proceeds which would be roughly \$5mil to us.

-Propco – mindset toward monetizing but =A0 sounded like there is no firm shape for a deal yet i.e. whether they wi=l sell to a REIT or form a new RE company and lever. Property portfolio is=a bit of flux reflecting disposition of centers closed by Opco over the past several years. KUE would like LPs to have opt=on of two ways out – cash or equity in survivor.

As I indicated in the note, for extension to Oct 201=, Intl and Propco must be monetized by Oct 2015.

-Opco – core early childhood care centers =C2 are growing again – EBITDA est for 2014 is \$118mi=, up from \$89mil in 2013. Plan shows goal of \$142mil in 2015 and \$162mil i= 2016. Co suggested valuation at 10x EV/EBITDA seems appropriate given fact that public comp, Bright Horizons, trades at 15x EV/EBITDA but =s supported by 14% ebitda margin compared to Opco at 9.3% currently and fu=ure forecast of 10%.

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