



AFFINITY EDUCATION
G R O U P

AFFINITY EDUCATION GROUP LIMITED
ACN 163 864 195

RETAIL OFFER BOOKLET

Fully underwritten 8 for 21
accelerated renounceable
entitlement offer at an offer
price of \$1.18 per New Share

The Entitlement Offer closes
at 5.00 pm (Sydney time)
on Thursday 2 April 2015

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Retail Offer Booklet is not a prospectus
and does not contain all the information that
an investor would find in a prospectus or which
may be required in order to make an informed
investment decision regarding, or about the
entitlements attaching to, the New Shares.

You should read this Retail Offer Booklet in its
entirety before deciding whether to accept the
offer of New Shares. If you do not understand any
part of this Retail Offer Booklet or are in doubt
as to what you should do, you should consult
your stockbroker, accountant, financial or other
professional adviser immediately.

NOT FOR DISTRIBUTION OR RELEASE
IN THE UNITED STATES

Joint Lead Manager and Underwriter:
CBA Equities Limited

CommonwealthBank

Joint Lead Manager and Underwriter:
Canaccord Genuity (Australia) Limited

CANACCORD Genuity





CONTENTS

Chairman's Letter	02
Entitlement Offer at a Glance	03
1 Details of the Entitlement Offer	04
2 How Can I Participate in the Retail Entitlement Offer?	06
3 ASX Announcement and Investor Presentation	08
4 Additional Information	25
5 Definitions	30
Corporate Directory	32

CHAIRMAN'S LETTER

Dear Shareholder

On Thursday 12 March 2015, the Company announced a fully underwritten 8 for 21 pro rata accelerated renounceable entitlement offer of ordinary shares (**Entitlement Offer**) at an Offer Price of \$1.18 per new share – a discount of 11.9% to the last trading price of Shares before the announcement.

The Entitlement Offer is fully underwritten by CBA Equities Limited and Canaccord Genuity (Australia) Limited.

The funds raised from the Entitlement Offer will primarily be used to fund the proposed acquisition of a group of nine premium child care centres (the **Proposed Acquisitions**) and to repay existing debt. The consideration payable for the Proposed Acquisitions is approximately \$24 million in cash. After the completion of the Proposed Acquisitions and those acquisitions previously announced, the Company's portfolio will increase to 161 centres with approximately 12,350 corresponding places.

Further details about the Proposed Acquisitions, together with pro forma financial information regarding the Entitlement Offer, are contained in Company's ASX announcement and Presentation which are included in **section 3**.



Why am I being sent this Retail Offer Booklet?

On behalf of your Directors, I am pleased to invite you to participate in the retail component of the Entitlement Offer (**Retail Entitlement Offer**) which follows the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**).

Your entitlement to subscribe for New Shares under the Retail Entitlement Offer is set out in your personalised Entitlement and Acceptance Form accompanying this Retail Offer Booklet. Details about how to participate in the Retail Entitlement Offer are contained in **section 2** and in your Entitlement and Acceptance Form.

It is important that you read this Retail Offer Booklet and the other publicly available information about the Company carefully. In particular, you should consider the risk factors set out in **section 3** before making any investment decision.

The Retail Entitlement Offer closes at 5.00 pm (Sydney time) on Thursday 2 April 2015, unless extended. If you have any questions about the Retail Entitlement Offer please call 1800 882 147 (within Australia) or +61 1800 882 147 (outside Australia) or contact your stockbroker, accountant, financial or other professional adviser.

On behalf of the Directors, I invite you to consider this investment opportunity and thank you for your continued support of the Company.

Yours faithfully

A handwritten signature in black ink, which appears to read 'Stuart James'.

Stuart James
Chairman

ENTITLEMENT OFFER AT A GLANCE

Summary of the Entitlement Offer

Entitlement	8 New Shares for every 21 Existing Shares		
Offer Price	\$1.18 per New Share		
Discount to the theoretical ex-rights price of \$1.30	8.9%		
Funds to be raised and New Shares to be issued	Approximately \$75 million comprised as follows:		
		Funds to be raised	New Shares to be issued
	Institutional Entitlement Offer	\$52 million	44.5 million
	Retail Entitlement Offer	\$23 million	19.3 million
Approximate number of Shares on issue following completion of the Entitlement Offer	231.5 million		
Underwriting	The Entitlement Offer is fully underwritten by CBA Equities Limited and Canaccord Genuity (Australia) Limited. See section 4.1 for details on these arrangements.		

Subject to the Listing Rules, the Company in consultation with the Joint Lead Managers and Underwriters, reserves the right to vary the timetable without prior notice, including by extending the Closing Date or closing the Retail Entitlement Offer early or to withdraw the Retail Entitlement Offer. There will be no trading of Entitlements on ASX.

Key dates

Announcement of the Entitlement Offer	Thursday 12 March 2015
Record Date to determine Entitlements	7.00 pm (Sydney time) on Tuesday 17 March 2015
Retail Offer Booklet and Entitlement and Acceptance Form despatched	Friday 20 March 2015
Retail Entitlement Offer opens (at 9.00 am (Sydney time))	
Issue of New Shares under the Institutional Offer	Tuesday 24 March 2015
Closing Date – last date for lodgement of Entitlement and Acceptance Forms and Application Money	5.00 pm (Sydney time) on Thursday 2 April 2015
Retail Offer Bookbuild	Thursday 9 April 2015 (after market close)
Issue of New Shares under the Retail Entitlement Offer	Tuesday 14 April 2015
Normal trading of New Shares issued under Retail Entitlement Offer expected to commence on ASX	Wednesday 15 April 2015
Holding statements/confirmation advices despatched	Thursday 16 April 2015
Payment/despatch of Retail Premium, if any	Friday 17 April 2015

DETAILS OF THE ENTITLEMENT OFFER

1.1 The Retail Entitlement Offer

Eligible Retail Shareholders are invited to participate in the Retail Entitlement Offer. Ineligible Retail Shareholders are ineligible to participate (for further information see **section 1.6**).

Your Entitlement to subscribe for New Shares is shown on your personalised Entitlement and Acceptance Form. Fractional Entitlements to New Shares have been rounded up to the nearest whole New Share.

Your Entitlement cannot be traded on ASX or privately transferred. If you do not take up some or all of your Entitlement, New Shares equivalent to the number of New Shares:

- (a) not taken up by Eligible Retail Shareholders; and
- (b) that would have been offered to Ineligible Retail Shareholders had they been entitled to participate in the Retail Entitlement Offer,

will be offered for subscription through the Retail Offer Bookbuild to be conducted at the close of the Retail Entitlement Offer. Any net proceeds obtained from the Retail Offer Bookbuild will be distributed to the relevant Shareholders. See **section 1.7** for further details.

1.2 Purpose of the Entitlement Offer

The Entitlement Offer will collectively raise approximately \$75 million (before costs). These funds are primarily intended to be used to fund the Proposed Acquisitions and to repay existing debt. See **section 3** for further details on the Proposed Acquisitions and the proposed use of funds.

1.3 Offer Price

The Offer Price is \$1.18 for each New Share subscribed for and is payable in full upon application. The Offer Price is the same as the offer price for the Institutional Entitlement Offer, and represents a discount of:

- (a) 11.9% to the last trading price of Shares before announcement of the Entitlement Offer; and
- (b) 8.9% to the theoretical ex-rights price.¹

1.4 Minimum subscription

There is no minimum subscription under the Retail Entitlement Offer. You may subscribe for any number of New Shares up to your Entitlement.

1.5 Allotment of New Shares and ASX quotation

It is currently expected that allotment of the New Shares will take place on Tuesday 14 April 2015. However, if the Closing Date is extended, the date for allotment may also be extended.

No allotment of New Shares will be made until permission is granted for their quotation by ASX.

Application Money will be held in trust in a subscription account until allotment. No interest earned on Application Monies will be paid by the Company, irrespective of whether allotment takes place.

1.6 Ineligible Retail Shareholders

The Company is not extending the Retail Entitlement Offer to Ineligible Retail Shareholders having regard to:

- (a) the cost of complying with legal and regulatory requirements outside Australia and New Zealand;
- (b) the number of Ineligible Retail Shareholders; and
- (c) the number and value of New Shares which could be offered to Ineligible Retail Shareholders.

Where the Retail Offer Booklet has been despatched to Ineligible Retail Shareholders, the Retail Offer Booklet is provided for information purposes only.

¹ The theoretical ex-rights price (TERP) is the theoretical price at which Shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP.

In limited circumstances the Company may elect to treat as Eligible Retail Shareholders certain Shareholders who would otherwise be Ineligible Retail Shareholders, provided the Company is satisfied that it is not precluded from lawfully issuing New Shares to such Shareholders either unconditionally or after compliance with conditions which the Board, in its sole discretion, regards as acceptable and not unduly onerous.

1.7 What happens to unexercised Entitlements?

The New Shares that could have been issued in relation to the Entitlements of:

- (a) Eligible Retail Shareholders who do not take up all (or any of) their Entitlements; and
- (b) Ineligible Retail Shareholders,

will be put up for sale through the Retail Offer Bookbuild due to occur on Thursday 9 April 2015 (after market close).

After completion of the Retail Offer Bookbuild, the Retail Premium, if any, will be distributed in Australian dollars on or about Friday 17 April 2015 to the relevant Shareholders in proportion to the Entitlements attributable to them that are sold in the Retail Offer Bookbuild (less any withholding tax payable). Any interest earned on the Retail Premium will accrue to the Company.

Neither the Company nor the Joint Lead Managers and Underwriters will be liable for a failure to sell New Shares in the Retail Offer Bookbuild or to sell them at a particular price. If there is no viable market for the Retail Offer Bookbuild, the Entitlements will be allowed to lapse and the relevant New Shares will revert to the Joint Lead Managers and Underwriters to be dealt with under the terms of the Underwriting Agreement.

HOW CAN I PARTICIPATE IN THE RETAIL ENTITLEMENT OFFER?

2.1 What are my choices?

Before taking any action you should read this Retail Offer Booklet in its entirety.

The number of New Shares to which you are entitled is shown on your Entitlement and Acceptance form.

Your choices are:

Choice	See section
Take up your Entitlement in full or in part	2.2–2.4
Allow some or all of your Entitlement to lapse	2.5

2.2 If you wish to accept your Entitlement in full or in part

Either:

- Make a payment of \$1.18 for each New Share you wish to apply for by BPAY^{®2} in accordance with the instructions on the Entitlement and Acceptance Form so that it is received by no later than 5.00 pm (Sydney time) on the Closing Date (Thursday 2 April 2015).³

Or:

- Complete the Entitlement and Acceptance Form for the number of New Shares you wish to apply for in accordance with the instructions on the form. Return your completed form in the enclosed reply paid envelope, together with the Application Money to the Share Registry at the address set out in section 2.4. It must be received by no later than 5.00 pm (Sydney time) on the Closing Date (Thursday 2 April 2015).

2 [®] Registered to BPAY Pty Limited ABN 69 079 137 518. New Zealand-based shareholders cannot apply using BPAY[®] unless they have an Australian bank account.

3 You should be aware that your own financial institution may implement earlier cut-off times for electronic payment through BPAY[®], and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY[®] are received by 5.00 pm (Sydney time) on the Closing Date.

2.3 Payment for New Shares

The Offer Price of \$1.18 per New Share is payable in full on application.

All payments are to be made in Australian currency by cheque drawn on and payable at any Australian bank or by BPAY[®].

Cheques should be made payable to 'Affinity Education Group Limited' and crossed 'Not Negotiable'.

Applicants are asked not to forward cash. Receipts for payments will not be issued.

BPAY[®] payments should be made in accordance with the instructions on the Entitlement and Acceptance Form using the BPAY[®] Biller Code and unique Customer Reference Number shown on the form. You are not required to return the Entitlement and Acceptance Form if you use BPAY[®] to pay the Application Money.

2.4 Address details and enquiries

If not paying by BPAY[®], completed Entitlement and Acceptance Forms (including payment of Application Money) should be forwarded to the Company's Share Registry by mail (using the enclosed prepaid envelope, if posted in Australia) or delivered to the following addresses:

By hand:

Affinity Education Group Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Please do not use this address for mailing purposes

Or

By mail:

Affinity Education Group Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

2.5 If you do not wish to accept all or any part of your Entitlement

Unexercised Entitlements may be sold through the Retail Offer Bookbuild. Any net proceeds obtained for

your Entitlement in the Retail Offer Bookbuild will be subsequently paid to you. See **section 1.7** for further details.

2.6 Representations upon acceptance

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have represented, warranted and agreed on behalf of yourself and each person on whose behalf you are acting for the benefit of as follows:

- (a) you are not in the United States, are not acting on behalf of a person in the United States and are otherwise an Eligible Retail Shareholder;
- (b) you understand that the Entitlements and New Shares have not been, and will not be, registered under the US Securities Act;

- (c) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so by regular transactions on ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting on behalf of a person in the United States; and
- (d) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand (or other jurisdictions approved by the Company) and is not in the United States and is not acting on behalf of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

ASX ANNOUNCEMENT & INVESTOR PRESENTATION



AFFINITY EDUCATION
GROUP
ABN 37 163 864 195

ASX ANNOUNCEMENT

AFFINITY EDUCATION GROUP LIMITED

ASX:AFJ

12 March 2015

Affinity Education announces underwritten entitlement offer and new acquisitions

Overview

Affinity Education Group Limited (the “Company” or “Affinity”) today announces a fully underwritten pro-rata accelerated renounceable entitlement offer to raise gross proceeds of approximately \$75 million (“Entitlement Offer”), priced at \$1.18 per share. The Entitlement Offer comprises an Institutional Entitlement Offer to raise approximately \$52 million and a Retail Entitlement Offer to raise approximately \$23 million.

Eligible shareholders will be entitled to subscribe for 8 new shares for every 21 shares held as at 7:00pm (Sydney time) on Tuesday 17 March 2015. The offer price of \$1.18 per share represents an 11.9% discount to the last traded price on Wednesday 11 March 2015 (being the last traded price before announcement of the Entitlement Offer) and a discount of 8.9% to the theoretical ex-rights price (“TERP”) of \$1.30.⁽¹⁾

Approximately 63.8 million new shares are expected to be issued under the Entitlement Offer. New shares will rank equally with existing shares.

The Entitlement Offer is fully underwritten. Additionally, the Company’s Directors and senior management intend to participate in the Entitlement Offer for some or all of their respective pro-rata entitlements to the extent that their financial circumstances permit.

Use of funds

The funds will be applied to:

- Fund the proposed acquisition of 9 premium child care centres for a purchase price of approximately \$24 million in cash (the “New Acquisition”). Settlement of the New Acquisition is expected by the end of H1 2015, subject to satisfaction of customary conditions precedent;⁽²⁾
- Pay down debt, thereby providing the Company with an additional \$45.4 million balance sheet capacity to pursue its acquisition led growth strategy; and
- Pay the costs of the Entitlement Offer and New Acquisition, totalling approximately \$5.6 million.

The Company notes that in 1Q 2015 it also expects to complete and settle the acquisition of 24 of the 27 centres previously announced, for total cash consideration of \$62 million (including estimated transaction costs). These acquisitions will be funded using the existing \$100 million CBA Acquisition Facility that will be drawn to \$34.9 million following completion of the Entitlement Offer and these previously announced acquisitions and the New Acquisition.

The New Acquisition

The New Acquisition comprises a group of 9 premium child care centres located in Sydney, Penrith, the Central Coast and Brisbane. It is expected to be EPS accretive from settlement.^(3,4)

Portfolio update

Following completion of the previously announced acquisitions (including the New Acquisition), the Company will own 161 child care centres representing 12,350 child places.

(1) The theoretical ex-rights price ("TERP") is the theoretical price at which Affinity shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Affinity shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP; (2) Conditions precedent include in most cases obtaining landlord consents, regulatory license transfer approvals being obtained and completion of confirmatory due diligence; (3) Acquisition centre financials based on unaudited and unreviewed information provided by vendors, which remains subject to completion of confirmatory due diligence; (4) EPS accretion is based on underlying NPAT of Affinity (2015 management earnings forecasts) excluding expensing of transaction costs. Standalone EPS used in EPS accretion calculation incorporates an adjustment factor to account for the bonus element in the Entitlement Offer, in accordance with AASB 133 Earnings per Share.



Entitlement Offer timetable

The Institutional Entitlement Offer will be conducted on Thursday, 12 March 2015. Eligible institutional shareholders can choose to take up all, part or none of their entitlements. New shares equivalent in number to the new shares not taken up by eligible institutional shareholders and new shares that would have been offered to ineligible institutional shareholders had they been entitled to participate will be sold through the Institutional Shortfall Bookbuild to be conducted on Friday, 13 March 2015.

The Retail Entitlement Offer will open at 9.00am (Sydney time) Friday, 20 March 2015 and close at 5.00pm (Sydney time) Thursday, 2 April 2015. New shares equivalent in number to the new shares not taken up by eligible retail shareholders and new shares that would have been offered to ineligible retail shareholders had they been entitled to participate will be sold through the Retail Shortfall Bookbuild to be conducted on Thursday, 9 April 2015.

A Retail Offer Booklet containing details about the Retail Entitlement Offer and how to participate will be released to ASX on Tuesday, 17 March 2015 and sent to eligible retail shareholders on Friday, 20 March 2015.

Indicative Key Dates for the Entitlement Offer

Event	2015
Announcement of Acquisition and Entitlement Offer	Thursday 12 March 2015
Institutional Offer opens	Thursday 12 March 2015
Institutional Offer closes	Thursday 12 March 2015
Institutional Shortfall Bookbuild	Friday 13 March 2015
Record date under the Entitlement Offer	7.00 pm (Sydney time) Tuesday 17 March 2015
Retail Entitlement Offer opens	9.00 am (Sydney time) Friday 20 March 2015
Despatch of Retail Offer Booklet and Entitlement and Acceptance Form	Friday 20 March 2015
Settlement of the Institutional Entitlement Offer and Institutional Shortfall Bookbuild	Monday 23 March 2015
Trading commences in shares issued under Institutional Entitlement	Tuesday 24 March 2015



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Page 3 of 6

Event	2015
Offer and Institutional Shortfall Bookbuild	
Despatch payment (if any) in respect of entitlements not accepted under the Institutional Entitlement Offer	Friday 27 March 2015
Retail Entitlement Offer closes	5.00 pm (Sydney time) Thursday 2 April 2015
Retail Shortfall Bookbuild	Thursday 9 April 2015 (after market close)
Settlement of the Retail Entitlement Offer and Retail Shortfall Bookbuild	Tuesday 14 April 2015
New Shares allotted under the Retail Entitlement Offer and Retail Shortfall Bookbuild	Wednesday 15 April 2015
Trading commences in shares issued under Retail Entitlement Offer and Retail Shortfall Bookbuild	Wednesday 15 April 2015
Despatch Holding Statements under Retail Entitlement Offer	Thursday 16 April 2015
Despatch of payment (if any) in respect of entitlements not accepted under the Retail Entitlement Offer	Friday 17 April 2015

Note: The above timetable is indicative only and subject to change. The Company reserves the right, in conjunction with the Joint Lead Managers and Underwriters, subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, to amend the indicative timetable set out above or to withdraw the Entitlement Offer at any time. All references to time are to Sydney time.

Further information

For further details regarding the New Acquisition and the Entitlement Offer, shareholders are advised to refer to the Investor Presentation released to the ASX today.

CBA Equities Limited and Canaccord Genuity (Australia) Limited are acting as Joint Lead Managers and Underwriters to the Entitlement Offer.



AFFINITY EDUCATION GROUP

Page 4 of 6

Conference call

A conference call has been scheduled for 10.30 am (Sydney time) 12 March 2015.

Conference call details are as follows:

Confirmation Code (Password)	5667865
Attendee Dial-in (Sydney Toll):	+ 61 2 8113 1400
Attendee Dial-in (Australia Toll Free):	1800 554 798
Attendee Dial-in (New Zealand)	0800 450 585
Attendee Dial-in (Hong Kong)	800 901 587
Attendee Dial in (Japan)	+ 813 4560 8150

ENDS



Paul Cochrane
Company Secretary

About Affinity Education Group Limited

Affinity Education Group Limited is a leading provider in the Australian market of high quality education and care to children aged six weeks to 12 years. Provision of these services includes long day care, before and after school care and occasional care.

Important Notice

This Announcement may not be released or distributed in the United States. This Announcement is neither an offer to sell nor a solicitation of an offer to buy securities in the United States.

The new shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States without registration under the US Securities Act or an exemption from such registration requirements.



AFFINITY EDUCATION GROUP

Page 5 of 6

All dollar values are in Australian dollars ("A\$").

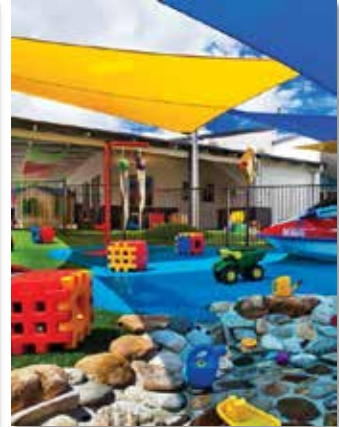
A number of figures in this Announcement have been rounded and percentages have been calculated on actual whole figures.

This Announcement contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of the Company, the outcome and effects of the Entitlement Offer and the use of proceeds. The forward looking statements contained in this Announcement are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct or may change without notice. In addition, please note that past performance is no guarantee or indication of future performance.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. The forward looking statements are based on information available to the Company as at the date of this Announcement.

Except as required by law or regulation (including the ASX Listing Rules), the Company undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.





Affinity Education Group

Capital raising and acquisition presentation

12 March 2015



AFFINITY EDUCATION
GROUP

Important notices and disclaimer



Entitlement Offer

This investor presentation ("Presentation") has been prepared by Affinity Education Group Limited (ACN 163 864 195) ("Affinity" or "Company") in relation to a pro rata accelerated renounceable entitlement offer of new Affinity ordinary shares ("New Shares") to be made to:

- eligible institutional shareholders of Affinity ("Institutional Entitlement Offer"); and
- eligible retail shareholders of Affinity ("Retail Entitlement Offer"),

under section 708AA of the Corporations Act 2001 (Cth) as modified by ASIC Class Order 08/35 ("Corporations Act") (together, the "Entitlement Offer").

Summary information

This Presentation contains summary information about the current activities of Affinity as at the date of this Presentation and does not purport to contain all the information that an investor should consider when making an investment decision, nor does it contain all the information which would be required in a prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Affinity's other periodic and continuous disclosure announcements lodged with ASX.

Not an offer

This Presentation is not a prospectus, product disclosure statement or any other offer document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. The distribution of this Presentation outside Australia may be restricted by law. Any recipient of this Presentation who is outside Australia must seek advice on and observe any such restrictions. This Presentation may not be reproduced or published, in whole or in part, for any purpose without the prior written permission of Affinity.

Disclaimer

To the maximum extent permitted by law:

- no representation or warranty, express or implied, is made by any person as to the accuracy, adequacy, completeness or reliability of any statements, estimates or opinions or other information in this Presentation; and
- Affinity, its subsidiaries and their respective directors, officers, employees and agents disclaim all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through use of or reliance on anything contained in or omitted from this Presentation.

CBA Equities Limited and Canaccord Genuity (Australia) Limited ("Joint Lead Managers and Underwriters") and their respective related bodies corporate, directors, officers, employees, agents and advisers ("Affiliates") have not authorised, permitted or caused the issue, lodgement, submission, despatch or provision of this Presentation. The Joint Lead Managers and Underwriters and their Affiliates do not make, or purport to make, any statement in this Presentation nor any recommendation as to whether a recipient or its related parties should participate in the Entitlement Offer, and there is no statement in this Presentation which is based on any statement by the Joint Lead Managers and Underwriters or their Affiliates.

To the maximum extent permitted by law, the Joint Lead Managers and Underwriters and their Affiliates expressly disclaim all liability (including, without limitation, for negligence) in respect of, make no representations regarding and take no responsibility for, any part of this Presentation.

Each recipient represents, warrants and agrees that it has not relied on any statements by the Joint Lead Managers and Underwriters or any of their Affiliates in respect of the Entitlement Offer, Affinity, or the New Shares generally and expressly disclaims that it is in a fiduciary relationship with the Joint Lead Managers and Underwriters or any of their Affiliates.

Important notices and disclaimer



Not financial product or investment advice

This Presentation does not constitute financial product or investment advice (nor tax, accounting or legal advice). It is not a recommendation to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. Any decision to purchase New Shares in the Retail Entitlement Offer should be made after reading the Retail Offer Booklet to be released to ASX on or about 17 March 2015.

This Presentation has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Affinity is not licensed to provide financial product advice in respect of Affinity shares. Cooling off rights do not apply to the acquisition of New Shares.

Investment risk

An investment in Affinity shares is subject to known and unknown risks, some of which are beyond the control of Affinity, including, possible loss of income and principal invested. Recipients should have regard to the risk factors outlined in this Presentation when making their investment decision.

United States

This Presentation may not be released or distributed in the United States. This Presentation is neither an offer to sell nor a solicitation of an offer to buy securities except in reliance on a relevant exemption.

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States without registration under the US Securities Act or an exemption from such registration requirements.

Financial data

All dollar values are in Australian dollars ("A\$") unless otherwise stated. Investors should note that this Presentation contains pro forma financial information. The pro forma financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Affinity's views on its future financial condition and/or performance.

The pro forma financial information has been prepared by Affinity in accordance with the measurement and recognition requirements, but not the disclosure requirements, of applicable accounting standards and other mandatory requirements in Australia.

A number of figures in this Presentation have been rounded and percentages have been calculated on actual whole figures.

3

Important notices and disclaimer



Future performance

This Presentation contains certain "forward looking statements". Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, indications of, or guidance or outlook on, future earnings or financial position or performance of Affinity, the outcome and effects of the Entitlement Offer and the use of proceeds. The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Affinity, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct or may change without notice. In addition, please note that past performance is no guarantee or indication of future performance.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in the Appendices of this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. The forward looking statements are based on information available to Affinity as at the date of this Presentation.

Except as required by law or regulation (including the ASX Listing Rules), Affinity undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

General

Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice. Affinity reserves the right, in conjunction with the Joint Lead Managers and Underwriters, subject to the Corporations Act and the ASX Listing Rules, to amend the timetable for the Entitlement Offer or withdraw the Entitlement Offer, without notice. This Presentation may not be reproduced or published, in whole or in part, for any purpose without the prior written permission of Affinity.

4

About Affinity



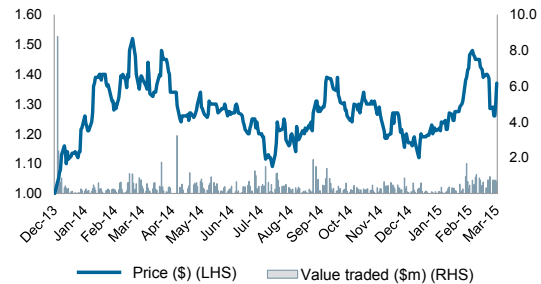
- A leading listed operator of child care to children aged six weeks to 12 years
- Geographically diversified portfolio of 125 centres across Australia as at 31 December 2014

Market metrics

Listing date	9 December 2013
ASX ticker	AFJ
Number of shares	c. 167.6m
Current share price	\$1.34 ⁽¹⁾
Current market capitalisation	c. \$224.6m
Index	ASX 300 Index
Substantial shareholders	Perpetual – 15.29%
	Renaissance Small Companies – 5.61%
	Argo Investments – 5.25%
	Contango Asset Management – 5.07%

⁽¹⁾ As at 11 March 2015

Share price chart since listing



Board and management team

Chairman	Stuart James
Managing Director	Justin Laboo
Executive Director and COO	Gabriel Giufre
Non-Executive Director	Stephanie Daveson
Non-Executive Director	Jeff Forbes
CFO	Paul Cochrane

5

2014 highlights



FY 2014 earnings growth

- ✓ Underlying EBITDA of \$17.9m⁽¹⁾ and underlying NPAT of \$11.4m⁽¹⁾
- ✓ Underlying EPS of 8.1 cents⁽¹⁾
- ✓ Statutory NPAT⁽²⁾ \$(4.1m)

Strengthening portfolio

- ✓ 125 centres settled as at 31 December 2014, with an additional 24 of the 27 previously announced expected to be settled by 31 March 2015
- ✓ Occupancy of 80% across the portfolio in FY2014

Successful operational platform

- ✓ Successful integration creating a strong corporate platform
- ✓ Continued focus on system investment
- ✓ High levels of employee engagement with program rollouts to improve staff costs and retention

Positive outlook

- ✓ Continued focus on acquisitions and integration
- ✓ Strong funding support
- ✓ Maiden dividend is expected to be announced during the course of 2015

(1) Normalised for one-off acquisition and integration costs
(2) Including one-off acquisition and integration costs

6

Entitlement Offer overview



Overview	<ul style="list-style-type: none"> Equity offering to raise approximately \$75m via an 8 for 21 accelerated renounceable entitlement offer (the "Entitlement Offer") Approximately 63.8m new Affinity shares ("New Shares") will be issued The Entitlement Offer is fully underwritten by CBA Equities and Canaccord Genuity (Australia)
Offer price	<ul style="list-style-type: none"> Offer price of \$1.18 per New Share represents an: <ul style="list-style-type: none"> 11.9% discount to the last traded price of \$1.34 on Wednesday 11 March 2015; 8.9% discount to TERP of \$1.30 on Wednesday 11 March 2015⁽¹⁾; and 11.0% discount to the 5 day volume weighted average price of \$1.33.
Use of proceeds	<ul style="list-style-type: none"> Proceeds from the Entitlement Offer will be applied to: <ul style="list-style-type: none"> the proposed acquisition of a group of nine premium child care centres ("New Acquisition"); providing additional balance sheet capacity through repayment of debt on CBA facility; and paying the costs of the New Acquisition and Entitlement Offer.
Entitlement Offer structure	<ul style="list-style-type: none"> The Entitlement Offer will comprise of an institutional component (the "Institutional Entitlement Offer") of approximately \$51.8m to existing eligible institutional shareholders and a retail component (the "Retail Entitlement Offer") of approximately \$23.5m to existing eligible retail shareholders The Institutional Entitlement Offer will be conducted on Thursday 12 March 2015. The Retail Entitlement Offer will open at 9.00am (Sydney time) on Friday 20 March 2015 and closes at 5.00 pm (Sydney time) on Thursday 2 April 2015 Entitlements not taken up under the Institutional Entitlement Offer will be placed in an institutional shortfall bookbuild to be conducted on Friday 13 March 2015. Entitlements not taken up under the Retail Entitlement Offer will be placed in a retail shortfall bookbuild to be conducted on Thursday 9 April 2015
Board and management commitment	<ul style="list-style-type: none"> Affinity Directors and senior management intend to participate in the Entitlement Offer for some or all of their respective pro-rata entitlements to the extent that their financial circumstances permit
Record date	<ul style="list-style-type: none"> The record date is 7.00 pm (Sydney time) on Tuesday 17 March 2015
Ranking and eligibility	<ul style="list-style-type: none"> New Shares will rank equally with existing Affinity shares

Note: (1) The theoretical ex-rights price ("TERP") is the theoretical price at which Affinity shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Affinity shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP; (2) The timetable is indicative only and subject to change.

7

New Acquisition overview



After settlement of the New Acquisition and previously announced acquisitions, Affinity will have a portfolio of 161 centres (125 settled as at 31 December 2014) with 12,350 places

- The New Acquisition comprises a group of nine premium child care centres
 - eight of which are located in Sydney, Penrith and Central Coast; and
 - one located in Brisbane
- High quality, profitable centres with strong occupancy
- Provide greater diversification of Affinity's portfolio
- The New Acquisition is expected to be EPS accretive from settlement ^{(1), (2)}
- Transaction is expected to complete towards the end of H1 2015, subject to completion of due diligence, normal landlord consents and regulatory approvals



Notes:

(1) Acquisition centre financials based on unaudited and unreviewed information provided by vendors, which remains subject to completion of confirmatory due diligence; (2) EPS accretion is based on underlying NPAT of the Company (2015 management earnings forecasts) excluding expensing of transaction costs. Standalone EPS used in EPS accretion calculation incorporates an adjustment factor to account for the bonus element in the Entitlement Offer, in accordance with AASB 133 Earnings per Share.

8

Use of proceeds



- The proceeds from the Entitlement Offer will be applied as follows:

Use of proceeds	
New Acquisition	\$24.0m
Additional balance sheet capacity through repayment of debt (CBA Acquisition Facility)	\$45.4m
Costs of New Acquisition and Entitlement Offer	\$5.6m
Total	\$75.0m

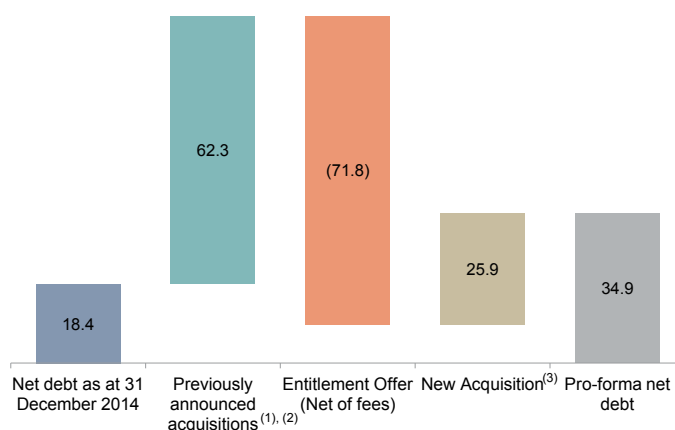
9

Funding capacity



Post the Entitlement Offer and New Acquisition, Affinity will have further funding capacity to continue its disciplined growth strategy

- The CBA Acquisition Facility is expected to be drawn to \$34.9m post the settlement of the New Acquisition and the 24 previously announced acquisitions
- Affinity is currently in advanced discussions to further enhance its domestic bank funding
- Pro-forma net gearing will be 14% post the Entitlement Offer and settlement of acquisitions



Notes:

(1) A number of acquisitions announced in December 2014 and January 2015 had already settled as at 31 December 2014. As such, adjustments are made to incorporate the remaining centres to be settled in 2015; (2) Adjustments have also been made for acquisitions announced in September 2014 that have already settled in January and February 2015; (3) Includes transaction costs associated with the New Acquisition.

10

Pro-forma historical balance sheet



\$'000	31 Dec 2014	Previously announced acquisitions ^{(1),(2)}	Entitlement Offer ⁽³⁾	New Acquisition ⁽⁴⁾	Pro-forma 31 Dec 2014
Cash and cash equivalents	3,286	-	25,905	(25,905)	3,286
Trade and other receivables	4,453	-	-	-	4,453
Property, plant and equipment	7,121	2,400	-	900	10,421
Intangibles	172,677	55,031	-	22,951	250,659
Deferred tax	5,097	397	975	149	6,618
Held for sale	250	-	-	-	250
Other	3,179	-	-	-	3,179
Total assets	196,063	57,828	26,880	(1,905)	278,866
Trade and other payables	9,807	-	-	-	9,807
Bank borrowings	21,703	62,291	(45,845)	-	38,149
Provisions	7,988	1,320	-	495	9,803
Income tax	2,896	-	-	-	2,896
Leases and other borrowings	1,016	-	-	-	1,016
Other	4,441	-	-	-	4,441
Total liabilities	47,851	63,611	(45,845)	495	66,112
Net Assets	148,212	(5,783)	72,725	(2,400)	212,754
Share capital	161,192	-	72,725	-	233,917
Accumulated losses	(12,980)	(5,783)	-	(2,400)	(21,163)
Total Equity	148,212	(5,783)	72,725	(2,400)	212,754
Net gearing	11%				14%

Notes:

(1) A number of acquisitions announced in December 2014 and January 2015 had already settled as at 31 December 2014. As such, adjustments are made to incorporate the remaining centres to be settled in 2015; (2) Adjustments have also been made for acquisitions announced in September 2014 that have already settled in January and February 2015; (3) Includes transaction costs associated with the Entitlement Offer; (4) Includes transaction costs associated with the New Acquisition.

11

Entitlement Offer timetable



Event	Date
Announcement of Entitlement Offer	Thursday 12 March 2015
Institutional Offer opens	Thursday 12 March 2015
Institutional Offer closes	Thursday 12 March 2015
Institutional Bookbuild	Friday 13 March 2015
Record date under the Entitlement Offer	7.00 pm (Sydney time) Tuesday 17 March 2015
Retail Entitlement Offer opens	9.00 am (Sydney time) Friday 20 March 2015
Despatch of Retail Offer Booklet and Entitlement and Acceptance Form	Friday 20 March 2015
Settlement of the Institutional Entitlement Offer and Institutional Shortfall Bookbuild	Monday 23 March 2015
Trading commences in shares issued under Institutional Entitlement Offer and Institutional Shortfall Bookbuild	Tuesday 24 March 2015
Despatch payment (if any) in respect of Entitlements not accepted under the Institutional Entitlement Offer	Friday 27 March 2015
Retail Entitlement Offer closes	5.00 pm (Sydney time) Thursday 2 April 2015
Retail Shortfall Bookbuild	Thursday 9 April 2015 (after market close)
Settlement of the Retail Entitlement Offer and Retail Shortfall Bookbuild	Tuesday 14 April 2015
New Shares allotted under the Retail Entitlement Offer and Retail Shortfall Bookbuild	Wednesday 15 April 2015
Trading commences in New Shares issued under Retail Entitlement Offer and Retail Shortfall Bookbuild	Wednesday 15 April 2015
Despatch Holding Statements	Thursday 16 April 2015
Despatch of payment (if any) in respect of Entitlements not accepted under the Retail Entitlement Offer	Friday 17 April 2015

Note: The above timetable is indicative only and subject to change. The Company reserves the right, in conjunction with the Joint Lead Managers and Underwriters, subject to the Corporations Act and the ASX Listing Rules, to amend the timetable or to withdraw the Entitlement Offer at any time without notice. All references to time are to Sydney time.

12

Growth strategy



Focus in CY15 will be on integration of announced acquisitions, improving occupancy across the portfolio and leveraging the cost base through further acquisitions

- Based on announced acquisitions, AFJ will settle up to 36 centres in 1HCY15, comprising of the New Acquisition and the 27 centre acquisitions previously announced
- Following significant growth through acquisition, the groups focus in CY15 will be on improving occupancy and optimising the cost base at the centre level acquired
- This organic growth is expected to be augmented by selective additional acquisitions from the strong acquisition pipeline
- In the ordinary course of business, Affinity aims to increase the portfolio by approx 20-25% per annum
- Ongoing acquisitions are expected to leverage the Group's scale and cost base and drive improved returns and EPS growth
- Acquisitions to be funded by the existing debt facility which will have refreshed capacity following the debt repayment post capital raising. Proforma net gearing of 14% post the equity raising will provide sufficient headroom to support the acquisition growth strategy

13

2015 outlook



2015 to focus on delivering continued growth and better margins with multiple initiatives underway to increase profitability

- Underlying market fundamentals strong with increasing workforce participation rates and growing population underpinning growing demand for places
- Positive start to FY2015 enrolments
- In advanced discussions to diversify domestic bank funding
- Strong acquisition pipeline
- Ongoing investment in people and systems
- Affinity continuing to work with Government on future industry opportunities
- Maiden dividend is expected to be announced during the course of 2015

14

Appendices



Key risks



Changes in law and government policy

The child care industry in Australia is heavily regulated by each level of government. The state and territory governments are responsible for the issue of licenses to operate a child care business and determining the standards that operators must meet in order to obtain and retain a license. Any change or addition to the regulation imposed by any of the levels of government could negatively affect the operation of the centres and could negatively impact on the profitability of Affinity.

Changes to subsidies

Government subsidies through the Child Care Benefit and Child Care Rebate scheme represent a significant portion of Affinity's revenue. This subsidy is reviewed each year in the Federal Budget and any reduction may have a significantly adverse impact on the operations of Affinity. In addition, the Productivity Commission recently released its final report on future options for child care and early education which recommended changes to subsidies, including higher proportional support being redistributed towards lower and middle income earning families (incomes below \$130,000). There is significant uncertainty about whether, when and in what form the Federal Government will implement any of these recommendations. While Affinity's child care centres are diversified across a wide range of socio economic areas, it is possible that any redistribution of subsidies implemented by the Federal Government could negatively impact Affinity's operations.

Regulatory risk and assessment and rating

The regulation and availability of the Child Care Benefit scheme is dependent upon individual child care centres being registered with the National Quality Framework. The assessment and rating process and receipt of government subsidies involves regular review by representatives of the Australian Children's Education and Care Quality Authority, including inspections of child care centres, the quality of services provided and facilities. Negative evaluations could result in loss of this registration, licence and the withdrawal of government subsidies. This would have a negative impact on Affinity's operations and financial position.

Integration risk

There is a risk that fully integrating existing centres (along with new centres to be acquired under the New Acquisition) may take longer or cost more than anticipated by Affinity. This could impact the profitability of Affinity and occupy large amounts of management's time. There is also no guarantee these centres will operate as profitably after integration as they did prior to their acquisition by Affinity. Past and future acquisitions may subject Affinity to unanticipated risks and liabilities, or disrupt its operations and divert resources from Affinity's day-to-day operations.

Technology and systems

Affinity is reliant on its information technology systems to efficiently manage its business and is in the process of implementing a number of changes to these systems to reduce costs and provide additional value to families. If these changes are not implemented in the way envisaged, this may result in cost overruns, diversion of management time and an inability to achieve the improvements sought.

Competition

Although there are barriers to entry in the child care industry, increased competition from existing and new industry participants may reduce Affinity's revenues and profits. In addition, Affinity faces competition from other companies involved in the consolidation of child care centres when seeking to acquire additional centres. This competition may increase the price that Affinity may be required to pay to acquire centres or limit the centres Affinity can acquire in the future.

Key risks (cont.)



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Completion of the acquisition agreements

If any of the acquisitions outlined in this presentation are not completed, or are not completed in the expected time frame, this may impact the profitability and financial forecasts of Affinity. In addition, agreements may be subject to third party consents (eg landlord) which may not be able to be obtained in a timely manner, or at all. If a significant number of these acquisitions cannot be completed, Affinity will be left with more excess funds than anticipated from the Entitlement Offer which it will seek to use for future acquisitions and to pay down its existing debt. However, no guarantee can be provided that Affinity will be able to use these funds (or additional debt capacity) to acquire other centres on similar terms or in a timely manner.

Due diligence risk

There is a risk that due diligence associated with the acquisition of centres has not identified issues that would have been material to the decision to acquire the centres. Further, there is a specific risk that information provided by the vendors on historical occupancy levels of the centres may not be reliable, and that this could affect Affinity's view on forecast occupancy levels, particularly in the early months after acquisition. The acquisition agreements for the acquisitions comprising the New Acquisition outlined in this Presentation remain subject to additional due diligence which may identify issues that prevent, or otherwise delay or increase the cost of, the acquisition completing.

Changes to key personnel

Affinity's business model depends on a management team with the talent and experience to integrate and manage new child care centres into Affinity's core business operations. There is a risk that operating and financial performance would be adversely affected by the loss of these key personnel.

Reputation risk

Having a good reputation is an important factor in ensuring that Affinity maintains the occupancy rates and earnings of the child care centres it will own. Being an owner of a large number of child care centres, there is a risk that an isolated incident occurring at one centre may impact on the reputation of Affinity and impact adversely on the profitability of all the other child care centres. The acquisition of additional child care centres further increases this risk.

Employee expense risk

Affinity's wage costs are the largest and most significant part of the group's total costs. Affinity has strategies in place to mitigate any wage increases and also assumes a commercial level of cost inflation per year. However, should circumstances arise through industry regulation or collective wide employee action that gives rise to costs outside of the inflation indexation assumption, then this event would reduce the profitability of Affinity.

Employee misconduct

Misconduct by employees could result in regulatory sanctions and serious reputational or financial harm to Affinity, the brands it maintains and the centres it operates.

Sourcing of high quality staff

Affinity requires high quality staff in order to deliver its services. Affinity may not be able to attract and retain high quality staff or the costs associated with doing so may be significantly higher which would adversely affect Affinity's financial performance.

No market sector diversification

As Affinity is entirely exposed to the child care sector, its business performance may be affected should this sector perform poorly.

17

Key risks (cont.)



AFFINITY EDUCATION
GROUP

Managing expansion

Management's ability to successfully manage Affinity's expansion and growth as a result of acquisitions is critical to its success. A failure or inability to properly manage expansion and growth, including failing to control costs, may negatively impact profitability and prospects.

Availability of funding

The Acquisition Facility provided by CBA is expected to expire in mid-2017 and, although Affinity has discussed potential facilities with CBA and other major banks, there is no guarantee that Affinity will be able to obtain funding on similar, or more favourable, terms in the future. A failure to obtain additional funding would restrict its ability to acquire additional child care centres in accordance with its business plan, which may negatively impact the company's profitability and prospects.

Insurance risks

Affinity will be exposed to the risk of liability. Affinity intends to maintain insurance policies, having regard to business risks and insurance costs. However, insurance may not always be available on acceptable terms or where available, provide cover to fully indemnify Affinity against occurrence of insured risks. The occurrence of an event that is not fully covered by insurance could have a material impact on the business, financial condition or results of Affinity. As with all insurance policies, there is also no guarantee that Affinity's insurance will respond in all situations where risks Affinity faces, materialise.

Inability to increase fees

Affinity assumes some indexation of fee income to offset the level of inflationary cost increases. If fee increases cannot be passed on due to regulation or market driven events, then the lower fee income will result in reduced profitability for Affinity which will have an adverse effect on Affinity's financial performance.

Operational risk and control

Operational risk relates to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events which impact on Affinity's business. Affinity is exposed to operational risks present in the current business including risks arising from fraud, system failure, failure of security and physical protection systems. Operational risk has the potential to have an effect on Affinity's financial performance and position as well as reputation.

General

Economic

Changes in the general economic outlook both in Australia and globally may impact the performance of Affinity and its projects. Such changes may include: (a) contractions in the Australian economy or increases in the rate of inflation resulting from domestic or in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economy activity), (b) increases in expenses (including the cost of goods and services used by Affinity), (c) increase in unemployment rates, and (d) fluctuations in equity markets in Australia and internationally.

Changes in laws

Changes in laws (including tax and industrial relations laws) or their interpretation may affect the value of, and returns from, an investment in New Shares. For instance, changes in the taxation treatment of companies may adversely affect the market price of Affinity Shares.

18

Foreign selling restrictions



This document does not constitute an offer of entitlements ("Entitlements") or New Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The Entitlements and the New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the Entitlements and the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, L.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Entitlements and the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

19

Foreign selling restrictions (cont.)



Japan

The Entitlements and the New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Entitlements or New Shares is conditional upon the execution of an agreement to that effect.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of Affinity with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Affinity's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves²⁰ with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Foreign selling restrictions (cont.)



United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Affinity.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

21

Corporate information



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170 Scarborough Street
Southport QLD 4215
Australia

Justin Laboo
Chief Executive Officer and Managing Director

Paul Cochrane
Chief Financial Officer and Company Secretary

Website: www.affinityeducation.com.au



4 ADDITIONAL INFORMATION

4.1 Underwriting

The Company and the Joint Lead Managers and Underwriters have entered into the Underwriting Agreement on normal commercial terms. Under the Underwriting Agreement, the Joint Lead Managers and Underwriters have agreed to fully underwrite the Entitlement Offer.

The Joint Lead Managers and Underwriters may terminate their unperformed obligations under the Underwriting Agreement at any time by notice to the Company if certain events occur before the retail settlement date (currently expected to be on or about Tuesday 14 April 2015). These termination events are usual for underwriting agreements of this type.

The Company must pay the Joint Lead Managers and Underwriters' fees and expenses on normal market terms and has agreed to indemnify the Joint Lead Managers and Underwriters and persons connected with the Joint Lead Managers and Underwriters against losses they may suffer in connection with the Entitlement Offer.

4.2 What effect will the Entitlement Offer have on the control of the Company?

The potential effect of issue of the New Shares under the Entitlement Offer on the control of the Company, and the consequences of that effect, is dependent on a number of factors, including the extent to which Eligible Retail Shareholders participate in the Retail Entitlement Offer and existing shareholdings.

As the Entitlement Offer is a pro rata issue, and given the current level of holdings of substantial holders (based on substantial holder notices that have been given to the Company and lodged with ASX before the date the Entitlement Offer was announced), the Entitlement Offer is not expected to have any material effect on the control of the Company and, as a result, there are not expected to be any consequences flowing from that effect.

4.3 Reconciliation, top-up Shares and the rights of the Company and the Joint Lead Managers and Underwriters

The Entitlement Offer is a complex process and in some instances investors may believe that they will

own more Existing Shares than they ultimately did or are otherwise entitled to more New Shares than initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that the Company may need to issue additional New Shares to ensure that the relevant Shareholders receive their appropriate allocation of New Shares. The price at which these additional New Shares would be issued is not known but would be no lower than the Offer Price.

The Company reserves the right to reduce the size of an Entitlement or number of New Shares allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if the Company believes in its complete discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, the Company may, in its discretion, require the relevant Shareholder to transfer excess New Shares to either Joint Lead Managers and Underwriters at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer existing Shares held by them or to purchase additional Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlement and any actions they are required to take in this regard.

By applying under the Retail Entitlement Offer, those doing so irrevocably acknowledge and agree to do the above as required by the Company or the Joint Lead Managers and Underwriters. Those applying acknowledge that there is no time limit on the ability of the Company or the Joint Lead Managers and Underwriters to require any of the actions set out above.

4.4 Taxation consequences

This section is a general summary of the Australian income tax, goods and services tax (GST) and stamp duty implications of the Retail Entitlement Offer for Eligible Retail Shareholders who hold their Existing Shares on capital account.

The statement provided in this section is necessarily general in nature. It does not take into account the specific circumstances of all participants. Accordingly, you should seek and rely upon your own professional

advice before concluding on the particular taxation treatment that will apply to you.

The statement in this section only extends to individuals, companies and trustees of trusts that are residents of Australia for Australian income tax purposes and that do not hold their Existing Shares in carrying on a business at or through a permanent establishment outside Australia.

The statement in this section does not take into account the circumstances of investors that hold their Existing Shares on revenue account or as trading stock. This statement does not extend to life insurance companies or superannuation entities.

The statement in this section does not apply to you if you acquired the Existing Shares under any employee share scheme or in respect of any employment or the provision of any services.

The Company has not sought any ruling from the Australian Taxation Office (ATO) with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the ATO will agree with such statements and conclusions. Neither the Company nor any of its officers or employees, nor its taxation or other advisers, accepts any liability or responsibility for taxation consequences or any statement concerning taxation consequences.

The statement in this section is based on the relevant taxation laws in Australia as at the date of this Retail Offer Booklet. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Retail Shareholders. It is strongly recommended that you seek your own independent professional tax advice applicable to your particular circumstances.

(a) Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

(b) Entitlements sold into the Retail Shortfall Bookbuild

Entitlements will not be able to be traded on ASX or privately transferred. However, any part of your Entitlements not taken up by you will be sold into the Retail Offer Bookbuild and any Retail Premium you receive for those Entitlements will be paid to you.

The Commissioner of Taxation (Commissioner) has issued Taxation Ruling TR 2012/1 "Retail premiums

paid to shareholders where rights are not taken up or are not available". In the ruling, the Commissioner states that certain premiums are assessable as an unfranked dividend or as ordinary income.

Based on the current views of the Commissioner, the Retail Premium will be subject to tax without the benefit of any tax offsets.

The law requires that tax be withheld by Australian resident companies from dividends paid to certain shareholders (for example, subject to certain exceptions, Australian tax resident shareholders who have not provided their Tax File Number (TFN) or Australian Business Number (ABN) or shareholders who are not Australian residents for tax purposes). Given the Commissioner's position, the Company considers that it will be obliged to withhold tax in relation to any Retail Premium payable to such shareholders. Therefore, an amount will be withheld from any proceeds paid to certain shareholders such that the ultimate receipt will be net of any withholdings.

If you have not previously provided your TFN or ABN to the Company, withholding tax may be required to be deducted from the Retail Premium at the rate of 49%. You are able to provide your TFN or ABN online with the Share Registry at www.linkmarketservices.com.au. When providing your details online, you will be required to enter your Securityholder Reference Number or Holder Identification Number as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

(c) Exercise of Entitlements

An Eligible Retail Shareholder will not be taxed in Australia at the time that the shareholder exercises the Entitlements and acquires New Shares.

The New Shares will be treated as having a cost base equal to the Offer Price plus any non-deductible incidental costs you incur in acquiring them. The New Shares will be acquired for capital gains tax (CGT) purposes at the time of exercising the Entitlements.

(d) Dividends on New Shares as a result of Entitlements taken up

Any future dividends or other distributions made in respect of New Shares will be subject to the

same income taxation treatment as dividends or other distributions made on Existing Shares in the same circumstances.

(e) Disposal of New Shares

On disposal of a New Share, you may make a capital gain if the capital proceeds on disposal exceed the cost base of the New Share. You will make a net capital loss if the capital proceeds are less than the reduced cost base of the New Share.

If you are an individual or trustee of a trust (other than a superannuation entity) and have held your New Shares for at least 12 months, the CGT discount provisions may apply. This means that you should be entitled to discount the amount of the capital gain by 50% (after available capital losses have been applied to reduce the undiscounted capital gain). New Shares will be treated for the purposes of the CGT discount as having been acquired when you exercise your Entitlement.

If a Shareholder makes a capital loss, the loss may be used to offset capital gains derived in the same or subsequent years of income (subject to satisfying certain conditions) but cannot be offset against ordinary income.

(f) Other Australian taxes

No GST or stamp duty will be payable by you in respect of the issue, sale or taking up of Entitlements or the acquisition of New Shares.

(g) Taxation of Financial Arrangements

The Taxation of Financial Arrangements (TOFA) rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) can affect the income tax implications of 'financial arrangements', including certain entitlements or rights to receive Shares. Most taxpayers (including many individuals) are excluded from the application of the TOFA rules unless the taxpayer has made an election. This statement does not address the TOFA rules and Shareholders should obtain their own advice regarding the application of those rules to their particular facts and circumstances.

4.5 Notices to nominees and custodians

If the Company believes you hold Shares as a nominee or custodian you will have received a letter relating to the Retail Entitlement Offer.

Nominees and custodians should consider carefully the contents of that letter and note in particular that:

- the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of, Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and institutional Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer; and
- they may not send any material relating to the Entitlement Offer to, nor take up any Entitlements, sell Entitlements or otherwise purchase New Shares on behalf of, any person in the United States or other jurisdiction outside Australia or New Zealand except to beneficial shareholders who are institutional or professional investors in the countries (excluding the United States) listed in, and to the extent permitted under, the 'Foreign selling restrictions' part of the Presentation included in **section 3**.

Failure to comply with these restrictions could result in violations of applicable securities laws.

Nominees and custodians may not distribute any part of this Retail Offer Booklet in the United States or in any other country outside Australia and New Zealand except:

- Australian and New Zealand nominees may send this Retail Offer Booklet and related offer documents to beneficial shareholders who are professional or institutional shareholders in other countries (other than the United States) listed in, and to the extent permitted under, the 'Foreign selling restrictions' part of the Presentation included in **section 3**; and
- to beneficial shareholders in other countries (other than the United States) determined by the Company under **section 1.6**.

The Company is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares or Entitlements. Any person acting as a nominee or custodian for a foreign person must, in dealing with its beneficiary, consider the 'Foreign selling restrictions' part of the Presentation included in **section 3** and

assess whether indirect participation in the Retail Entitlement Offer by the beneficiary complies with applicable foreign laws.

4.6 Foreign selling restrictions

This Retail Offer Booklet and accompanying Entitlement and Acceptance Form do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify the Entitlements or New Shares, or to otherwise permit an offering of Entitlements or New Shares outside Australia or New Zealand. The Entitlements or New Shares may not be offered in a jurisdiction outside Australia or New Zealand where such an offer is not made in accordance with the laws of that place.

The distribution of this Retail Offer Booklet in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons who come into possession of this document outside Australia and New Zealand should seek advice on and observe any such restrictions. A failure to comply with these restrictions may constitute a violation of applicable securities laws.

It is the responsibility of any Applicant to ensure compliance with any laws of the country relevant to their application. Return of a duly completed Entitlement and Acceptance Form and/or payment of Application Money will be taken by the Company to constitute a representation that there has been no breach of such laws.

Eligible Retail Shareholders resident outside Australia should consult their professional advisers as to whether, in order to enable them to accept their Entitlements, any governmental or other consents are required, or other formalities need to be observed.

The Entitlements and the New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Retail Offer Booklet has been prepared in compliance with Australian law and has not been

registered, filed with or approved by any New Zealand regulatory authority. This Retail Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

4.7 United States selling restrictions

The Entitlements and the New Shares relating to the Retail Entitlement Offer have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Securities may not be offered or sold in the United States without registration under the US Securities Act or an exemption from such registration requirements. Under the Retail Entitlement Offer, the Entitlements may only be taken up or exercised by, and the New Shares may only be offered or sold to, directly or indirectly, persons outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.

This Retail Offer Booklet is neither an offer to sell nor a solicitation of an offer to buy securities except in reliance on a relevant exemption.

This Retail Offer Booklet and the accompanying Entitlement and Acceptance Form will not be sent by the Company or its agents to any Shareholder in the United States.

4.8 Privacy

The information about Applicants included on an Entitlement and Acceptance Form is used for the purposes of processing the Entitlement and Acceptance Form and to administer the Applicant's holding of New Shares. By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the form for the purposes set out in this privacy statement and may disclose it for those purposes to the Underwriters, the Share Registry and the Company's related bodies corporate, agents and contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about each Shareholder (including

name, address and details of the Shares held) in the Register. The information contained in the Register must remain there even if that person ceases to be a Shareholder. Information contained in the Register is also used to facilitate payments and corporate communications (including the Company's financial results, annual reports and other information that the Company wishes to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

Under the *Privacy Act 1988* (Cth), you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. A fee may be charged for access.

Personal information about you is held on the public register in accordance with Chapter 2C of the Corporations Act. For details about the Share Registry's personal information handling practices including collection, use and disclosure, how you may access and correct your personal information and raise privacy concerns, visit www.linkmarketservices.com.au for a copy of the Share Registry's condensed privacy statement, or contact the Share Registry by phone on 1800 882 142 (free call within Australia) and +61 1800 882 142 (from outside Australia) 8.30 am – 5.30 pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of the complete privacy policy.

4.9 Not investment advice

The Entitlement Offer to which this information relates complies with the requirements of section 708AA of the Corporations Act as notionally modified by ASIC Class Order 08/35.

This Retail Offer Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not investment advice and does not take into account your investment objectives, financial situation, tax position and particular needs. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest.

4.10 Future performance and forward looking statements

Except as required by law, and only to the extent so required, no person warrants or guarantees the future performance of the Company or any return on any investment made in this Retail Offer Booklet.

The forward looking statements in this Retail Offer Booklet are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Retail Offer Booklet.

Section 3 of this Retail Offer Booklet details some important factors and risks that could cause the Company's actual results to differ from the forward looking statements in the Retail Offer Booklet.

Past share price performance of the Company provides no guidance as to its future share price performance.

4.11 Governing law

This Retail Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of applications are governed by the laws applicable in Queensland, Australia.

4.12 Interpretation

Some capitalised words and expressions used in this Retail Offer Booklet have defined meanings which are explained in section 5.

A reference to time in this Retail Offer Booklet is to the local time in Sydney, Australia, unless otherwise stated. All financial amounts in this Retail Offer Booklet are expressed in Australian dollars, unless otherwise stated.

5

DEFINITIONS

Applicant	A person who makes an Application
Application	An application to subscribe for New Shares under this Retail Offer Booklet
Application Money	Money paid by Applicants for Applications
ASIC	The Australian Securities and Investments Commission
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as applicable
Board	The board of Directors
Closing Date	5.00 pm (Sydney time) on Thursday 2 April 2015, or such other date set by the Company
Company	Affinity Education Group Limited ACN 163 864 195
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Director	A director of the Company
Eligible Institutional Shareholder	A Shareholder to whom the Joint Lead Managers and Underwriters have made an offer on behalf of the Company under the Institutional Entitlement Offer (either directly or indirectly through a nominee), and who the Joint Lead Managers and Underwriters determine successfully received that offer
Eligible Retail Shareholder	<p>A Shareholder on the Record Date who is not an:</p> <ul style="list-style-type: none"> • Ineligible Retail Shareholder; or • Ineligible Institutional Shareholder, <p>and who did not receive an offer in relation to all of their Existing Shares under the Institutional Entitlement Offer</p>
Entitlement	The entitlement to subscribe for 8 New Shares for every 21 Existing Shares held by the Eligible Retail Shareholder on the Record Date. The entitlement of each Eligible Retail Shareholder is shown on the Entitlement and Acceptance Form
Entitlement and Acceptance Form	The personalised entitlement and acceptance form accompanying this Retail Offer Booklet
Entitlement Offer	The fully underwritten 8 for 21 pro rata accelerated renounceable entitlement offer of Shares each at the Offer Price, comprising the Institutional Entitlement Offer and the Retail Entitlement Offer
Existing Shares	Shares on issue at the Record Date
Ineligible Institutional Shareholder	Any institutional Shareholder who is not an Eligible Institutional Shareholder and who is not otherwise eligible to participate in the Retail Entitlement Offer
Ineligible Retail Shareholder	<p>A Shareholder who is not:</p> <ul style="list-style-type: none"> • an Eligible Institutional Shareholder; or • an Ineligible Institutional Shareholder, <p>and who:</p> <ul style="list-style-type: none"> • has an address in the Register outside Australia or New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board, in its sole discretion, regards as acceptable and not unduly onerous; • is in the United States or is acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); or • is ineligible under applicable securities laws to receive an offer under the Retail Entitlement Offer

Institutional Entitlement Offer	The institutional component of the Entitlement Offer conducted on 12 March 2015 that was available to Eligible Institutional Shareholders
Joint Lead Managers and Underwriters	CBA Equities Limited and Canaccord Genuity (Australia) Limited
Listing Rules	The official listing rules of ASX, as amended or waived by ASX from time to time
New Shares	Shares offered under the Entitlement Offer
Offer Price	\$1.18 per New Share
Presentation	The investor presentation included in section 3
Proposed Acquisitions	The proposed acquisition of 9 premium child care centres for a purchase price of approximately \$24 million announced by the Company on 12 March 2015 (see section 3)
Record Date	7.00 pm (Sydney time) on 17 March 2015
Register	The register of Shareholders required to be kept under the Corporations Act
Retail Entitlement Offer	The retail component of the Entitlement Offer available to Eligible Retail Shareholders under this document
Retail Offer Bookbuild	The process through which the New Shares not taken up by Eligible Retail Shareholders under the Retail Entitlement Offer and New Shares that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Entitlement Offer are offered for sale to investors after the Closing Date
Retail Offer Booklet	This booklet
Retail Premium	The average premium above the Offer Price, if any, achieved from the sale of New Shares in the Retail Offer Bookbuild net of expenses
Share	A fully paid ordinary share in the Company
Share Registry	Link Market Services Limited
Shareholder	A holder of Shares
Underwriting Agreement	The underwriting agreement between the Company and the Joint Lead Managers and Underwriters in relation to the Entitlement Offer, a summary of which is contained in section 4.1
US or United States	United States of America, its territories and possessions, any State of the United States of America and the District of Columbia
US person	The meaning given in Regulation S under the US Securities Act
US Securities Act	The <i>United States Securities Act of 1933</i> , as amended

CORPORATE DIRECTORY

Directors

Stuart James
Justin Laboo
Gabriel Giufre
Jeffrey Forbes
Stephanie Daveson

Company Secretary

Paul Cochrane

Registered Office

170 Scarborough Street
Southport QLD 4215
Australia

**Joint Lead Managers
and Underwriters**

CBA Equities Limited
Canaccord Genuity (Australia) Limited

Lawyers

Corrs Chambers Westgarth
Level 42, ONE ONE ONE Eagle Street
111 Eagle Street
Brisbane QLD 4000
Australia

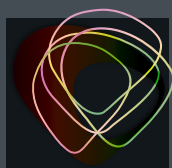
Share Registry

Link Market Services Limited
Level 15
324 Queen Street
Brisbane QLD 4000
Australia

Website

www.affinityeducation.com.au





AFFINITY EDUCATION
GROUP



AFFINITY EDUCATION
GROUP

ABN 37 163 864 195

All Registry communications to:
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia
Telephone: +61 1300 554 474
ASX Code: AFJ
Website: www.linkmarketservices.com.au

SRN/HIN:

Entitlement number:

Number of eligible Shares held as
at the Record Date, 7:00pm (Sydney time)
on 17 March 2015:

Entitlement to New Shares
(on a 8 New Shares for 21 basis):

Amount payable on full acceptance
at A\$1.18 per New Share:

Offer closes 5:00pm (Sydney time):	2 April 2015
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ENTITLEMENT AND ACCEPTANCE FORM

As an Eligible Retail Shareholder you are entitled to acquire 8 New Shares for every 21 Existing Shares that you hold on the Record Date, at an Offer Price of A\$1.18 per New Share. This is an important document and requires your immediate attention. If you do not understand it or you are in doubt as how to deal with it, you should contact your accountant, stockbroker, solicitor or other professional adviser.

IMPORTANT: The Retail Entitlement Offer is being made under the Retail Offer Booklet. The Retail Offer Booklet contains information about investing in the New Shares. Before applying for New Shares, you should carefully read the Retail Offer Booklet. This Entitlement and Acceptance Form should be read in conjunction with the Retail Offer Booklet.

If you do not have a paper copy of the Retail Offer Booklet, you can obtain a paper copy at no charge, by calling the Affinity Education Group Limited Offer Information Line on 1800 882 147 (within Australia) or +61 1800 882 147 (from outside Australia).

PAYMENT OPTIONS

If you wish to take up all or part of your Entitlement, you have two payment options detailed below.

OPTION 1: PAYING BY BPAY®

If paying by BPAY®, refer to the instructions overleaf. **You do NOT need to return the acceptance slip below if you elect to make payment by BPAY®.** Payment must be received via BPAY® before 5:00pm (Sydney time) on 2 April 2015. You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry in time. By paying by BPAY® you will be deemed to have completed an Entitlement and Acceptance Form for the number of New Shares the subject of your Application Monies.

OPTION 2: PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

If paying by cheque, bank draft or money order, complete and return the acceptance slip below with your Application Monies. No signature is required on the acceptance slip. The acceptance slip with your Application Monies must be received by the Registry before 5:00pm (Sydney time) on 2 April 2015.



Bill Code: 574715
Ref:

Telephone & Internet Banking – BPAY®

Contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. More info: www.bpay.com.au

© Registered to BPAY Pty Ltd ABN 69 079 137 518

See overleaf for details and further instructions on how to complete and lodge this Entitlement and Acceptance Form.

THIS IS A PERSONALISED FORM FOR THE SOLE USE OF THE SHAREHOLDER AND HOLDING RECORDED ABOVE.

Please detach and enclose with payment

SRN/HIN:

Entitlement number:



A Number of New Shares accepted (being not more than your Entitlement shown above)

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B Payment amount
(Multiply the number in section A by A\$1.18)

A\$

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C PLEASE INSERT CHEQUE, BANK DRAFT OR MONEY ORDER DETAILS – Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to “Affinity Education Group Limited” and crossed “Not Negotiable”.

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

D CONTACT DETAILS – Telephone number

Telephone number – after hours

Contact name

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AFFINITY EDUCATION GROUP LIMITED

The Retail Entitlement Offer to which this Entitlement and Acceptance Form relates is not being made to investors located or resident outside of Australia and New Zealand. In particular, the Retail Entitlement Offer is not being made to any person in the U.S. or to a U.S. person. The Retail Offer Booklet and Entitlement and Acceptance Form do not constitute an offer or invitation to acquire Shares in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation.

ACCEPTANCE OF ENTITLEMENT OFFER

By either returning the Entitlement and Acceptance Form with payment to the Registry, or making payment received by BPAY®:

- you represent and warrant that you have read and understood the Retail Offer Booklet and that you acknowledge the matters, and make the warranties and representations;
- you provide authorisation to be registered as the holder of New Shares acquired by you and agree to be bound by the Constitution of Affinity Education Group Limited.

HOW TO APPLY FOR NEW SHARES

1. IF PAYING BY BPAY® (AVAILABLE TO SHAREHOLDERS WITH AN AUSTRALIAN BANK ACCOUNT ONLY)

If you elect to make payment using BPAY® you must contact your bank or financial institution to make this payment from your cheque, savings, debit or transaction account. For more information on paying by BPAY®: www.bpay.com.au

Work out the total amount payable by you. To calculate the total amount, multiply the number of New Shares you wish to apply for by A\$1.18.

Refer overleaf for the Biller Code and Reference Number. The Reference Number is used to identify your holding. If you have multiple holdings you will have multiple Reference Numbers. You must use the Reference Number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding.

2. IF PAYING BY CHEQUE, BANK DRAFT OR MONEY ORDER

Complete all relevant sections of the Entitlement and Acceptance Form USING BLOCK LETTERS. These instructions are cross referenced to each section of the Entitlement and Acceptance Form.

A. Acceptance of New Shares

Enter into section A the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than your Entitlement, which is set out overleaf.

B. Payment Amount

Enter into section B the total amount payable by you. To calculate the total amount multiply the number in Section A by A\$1.18.

C. Cheque, bank draft or money order details

Enter your cheque, bank draft or money order details in section C. Cheques, bank drafts or money orders must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Affinity Education Group Limited" and crossed "Not Negotiable". Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. If you provide a cheque or money order for the incorrect amount, Affinity Education Group Limited may treat you as applying for as many New Shares as your cheque, bank draft or money order will pay for.

D. Contact details

Enter your contact telephone number where we may contact you regarding your acceptance of New Shares, if necessary.

3. HOW TO LODGE YOUR ENTITLEMENT AND ACCEPTANCE FORM

A reply paid envelope is enclosed for your use. No postage stamp is required if it is posted in Australia. Alternatively, if you have lost the reply paid envelope, or you have obtained the Retail Offer Booklet electronically, your completed Entitlement and Acceptance Form with the payment for New Shares may be mailed to the postal address, or delivered by hand to the delivery address, set out below. **If paying by BPAY® you do not need to complete or return the Entitlement and Acceptance Form.** You should check the processing cut off-time for BPAY® transactions with your bank, credit union or building society to ensure your payment will be received by the Registry by the close of the offer.

Mailing Address

Affinity Education Group Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

Hand Delivery

Affinity Education Group Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Make sure you send your Acceptance Slip and application payment allowing enough time for mail delivery, so Link Market Services Limited receives them no later than 5:00pm (Sydney time) on 2 April 2015. Please ensure sufficient cleared funds are held in your account, as your cheque will be banked as soon as it is received. Affinity Education Group Limited reserves the right not to process any Acceptance Slips and cheques received after the Closing Date.

If you require further information on how to complete this Entitlement and Acceptance Form, please contact the Affinity Education Group Limited Offer Information Line on 1800 882 147 (within Australia) or +61 1800 882 147 (from outside Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.