



AFFINITY EDUCATION
G R O U P

Notice of Annual General Meeting and Explanatory Memorandum

Affinity Education Group Limited ACN 163 864 195

Date of Meeting: Friday 17 April 2015

Time of Meeting: 11.00am (Brisbane time)

Place of Meeting: Corrs Chambers Westgarth
Level 42, ONE ONE ONE Eagle Street
111 Eagle Street
Brisbane QLD 4000

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Members of **Affinity Education Group Limited** ACN 163 864 195 (**Company**) will be held at Corrs Chambers Westgarth, Level 42, ONE ONE ONE Eagle Street, 111 Eagle Street, Brisbane QLD 4000 on Friday 17 April 2015 at 11.00am (Brisbane time).

Terms used in this Notice are defined in the "Interpretation" section of the accompanying Explanatory Memorandum.

Ordinary Business

Item 1: Financial and Other Reports

(a) 2014 Annual Report

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 31 December 2014.

(b) Remuneration Report

To consider and, if thought fit, pass the following advisory resolution of the Company:

"That the Remuneration Report for the year ended 31 December 2014 (as set out in the Directors' Report) be adopted."

Item 2: Re-election of Director

To consider and, if thought fit, pass the following ordinary resolution of the Company:

"That Stuart James, who retires by rotation in accordance with Clause 8.3 of the Constitution, and being eligible, be re-elected as a Director of the Company."

Special Business

Item 3: Approval of Long Term Equity Incentive Plan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.2 Exception 9 and for all other purposes, the Equity Incentive Plan, the terms and conditions of which are summarised in the Explanatory Memorandum, be authorised and approved."

Item 4: Approval of issue of Performance Rights to Executive Directors under the Long Term Equity Incentive Plan

(a) Issue of Performance Rights to Justin Laboo

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue to Justin Laboo, Chief Executive Officer and Executive Director, of 576,922 Performance Rights under the 2015 Performance Rights Award, the terms and conditions of which are summarised in the Explanatory Memorandum, be authorised and approved."

(b) Issue of Performance Rights to Gabriel Giufre

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, the issue to Gabriel Giufre, Chief Operating Officer and Executive Director, of 335,462 Performance Rights under the 2015 Performance Rights Award, the terms and conditions of which are summarised in the Explanatory Memorandum, be authorised and approved.”

Item 5: Approval of financial assistance for acquisitions

(a) Financial assistance in connection with the acquisition of BHL Childcare Limited

To consider and, if thought fit, to pass the following resolution as a special resolution:

*“That for the purposes of section 260B(2) of the Corporations Act, the giving of financial assistance by BHL Childcare Limited (**BHL**) and each wholly-owned subsidiary of BHL in relation to the acquisition by the Company of all the shares in BHL, as described in the Explanatory Memorandum, be authorised and approved.”*

(b) Financial assistance in connection with the acquisition of NTL Investments Pty Ltd

To consider and, if thought fit, to pass the following resolution as a special resolution:

*“That for the purposes of section 260B(2) of the Corporations Act, the giving of financial assistance by NTL Investments Pty Ltd (**NTL**) and each wholly-owned subsidiary of NTL in relation to the acquisition by the Company of all the shares in NTL, as described in the Explanatory Memorandum, be authorised and approved.”*

General Business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

Voting Exclusion Statement

In accordance with the Listing Rules and the Corporations Act, the Company will disregard any votes cast on each resolution (as applicable) by certain persons identified as being excluded from voting on that resolution.

Terms used below are defined in the “Interpretation” section of the accompanying Explanatory Memorandum.

The Company will disregard any votes cast on:

- a) **Item 1(b): Remuneration Report**, by any member of the Key Management Personnel or any Closely Related Party of such a member;
- b) **Item 3: Approval of Long Term Equity Incentive Plan**, by any member of the Key Management Personnel or any Closely Related Party of such a member and (for the purposes of the Listing Rules) by Justin Laboo or Gabriel Giufre or their associates;
- c) **Item 4(a): Issue of Performance Rights to Justin Laboo**, by any member of the Key Management Personnel or any Closely Related Party of such a member and (for the purposes of the Listing Rules) by Justin Laboo or Gabriel Giufre or their associates; and
- d) **Item 4(b): Issue of Performance Rights to Gabriel Giufre**, by any member of the Key Management Personnel or any Closely Related Party of such a member and (for the purposes of the Listing Rules) by Justin Laboo or Gabriel Giufre or their associates.

However, the Company may not disregard a vote cast if it is cast:

- by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction of the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of KMP.

Other information

Explanatory Memorandum

The accompanying Explanatory Memorandum forms part of this Notice and should be read in conjunction with it.

Proxies

Please note that:

- a) a Member entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- b) a proxy need not be a Member of the Company;
- c) a Member may appoint a body corporate or an individual as its proxy;
- d) a body corporate appointed as a Member's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Member's proxy; and
- e) Members entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms. If a Member appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, a certificate of the appointment of corporate representative should be completed and lodged in the manner specified below.

If proxy holders vote on a poll, they must vote all directed proxies as directed. Any directed proxies which are not voted on a poll will automatically default to the person chairing the Meeting, who must vote the proxies as directed.

Proxy forms must be lodged by **11.00 am (Brisbane time) on 15 April 2015**. Any proxy form received after that time will not be valid for the scheduled meeting.

If you have any queries on how to appoint a proxy or to cast your votes at the Meeting, please call the Company's share registry, Link Market Services Limited, on +61 1300 554 474.

Important information on appointing a proxy for Items 1(b), 3, 4(a) and 4(b)

The Corporations Act places certain restrictions on the ability of KMP (including the person chairing the Meeting) and their Closely Related Parties to vote on Items 1(b), 3, 4(a) and 4(b) (**Remuneration Resolutions**) including where they are voting as proxy for another Member.

To ensure that your votes are counted, you are encouraged to direct your proxy as to how to vote on the Remuneration Resolutions by indicating your preference by completing any of the 'For', 'Against' or 'Abstain' boxes on the proxy form.

The Chair of the Meeting intends to vote all undirected proxies on the Remuneration Resolutions in favour of the resolutions.

If you appoint the Chair of the Meeting as your proxy but you do not direct the Chair how to vote in respect of any of the Remuneration Resolutions, you will be directing the Chair to vote in favour of the resolution and the Chair will vote in this way, even though the resolution is connected with the remuneration of KMP.

Corporate representatives

Any:

- a) corporate Member; or
- b) corporate proxy appointed by a Member,

which has appointed an individual to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising them to act as that company's representative.

The authority may be sent to the Company or its share registry, Link Market Services Limited, in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An Appointment of Corporate Representative form is available by contacting Link Market Services Limited on +61 1300 554 474.

Voting entitlements

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Members as at 7.00 pm (Brisbane time) on Wednesday 15 April 2015. Accordingly, transactions registered after that time will be disregarded in determining a Member's entitlement to attend and vote at the Meeting,

By order of the Board



Mr Paul Cochran
Company Secretary
17 March 2015

Explanatory Memorandum

1. Introduction

This Explanatory Memorandum is provided to Members of Affinity Education Group Limited ACN 163 864 195 (**Company**) to explain the resolutions to be put to Members at the Annual General Meeting to be held at Corrs Chambers Westgarth, Level 42, ONE ONE ONE Eagle Street, 111 Eagle Street, Brisbane QLD 4000 on Friday 17 April 2015 at 11.00am (Brisbane time).

The Directors recommend that Members read the accompanying Notice and this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Terms used in this Explanatory Memorandum are defined in section 7 of the Explanatory Memorandum.

2. Financial and Other Reports (Item 1)

(a) 2014 Annual Report – Item 1(a)

The Company's 2014 Annual Report comprising the Directors' Report and Auditors' Report, Directors' Declaration, Statement of Financial Performance, Statement of Financial Position, Statement of Cashflows and notes to and forming part of the accounts for the Company and its controlled entities for the financial year ended 31 December 2014 were released to ASX on 27 February 2015. The Company's Annual Report is placed before the Members for discussion.

No voting is required for this item. However, as a Member, you may submit a written question to the auditor before the Meeting provided that the question relates to:

- the content of the auditor's report; or
- the conduct of the audit in relation to the financial report.

All written questions must be received by the Company **by 5.00pm (Brisbane time) on Thursday 9 April 2015**, being no later than five business days before the Meeting (unless the Meeting is adjourned or postponed).

All questions must be sent to the Company Secretary. The Company Secretary will then forward all questions to the auditor.

The auditor will be attending the Meeting and will answer written questions submitted before the Meeting.

The auditor will also be available to answer questions from Members relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

(b) Remuneration Report – Item 1(b)

The Board has submitted its Remuneration Report to Members for consideration and adoption by way of a non-binding advisory resolution.

The Remuneration Report is in the Directors' Report and set out on pages 11 to 18 of the Annual Report for the period ending 31 December 2014. The 2014 Annual Report is available on the Company's website www.affinityeducation.com.au.

The Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of executives of the Company including the Executive Directors;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for each Director and the other Key Management Personnel of the Company; and
- details and explains any performance conditions applicable to the remuneration of Executive Directors and senior executives of the Company.

Members will be given a reasonable opportunity at the Meeting to ask questions about, and make comments on, the Remuneration Report and the Company's remuneration arrangements.

The Board believes that the Company's remuneration arrangements, as set out in the Remuneration Report, are fair, reasonable and appropriate and support achievement of the strategic objectives of the Company.

The Directors unanimously recommend that you vote in favour of adopting the Remuneration Report.

A vote on this Resolution is advisory only and does not bind the Directors.

3. Re-election of Director (Item 2)

The Constitution requires that one-third of the Directors (other than the Managing Director) (**Rotating Directors**) or, if their number is not a multiple of three, then the number nearest to but not exceeding one-third shall retire from office at each Annual General Meeting.¹

The Company has four Rotating Directors so at least one must retire at the Meeting.

The Rotating Director to retire must be the Director who has held office the longest since last being elected or re-elected or, as between Directors elected or re-elected on the same day, decided by lot unless they otherwise agree.

As each Rotating Director was elected on the same day (at the 2014 Annual General Meeting held on 14 May 2014), Stuart James has agreed to retire by rotation and offer himself for re-election.

Information about Stuart James

Stuart James has been a Director and the Company's Chairman since 6 November 2013. He is a member of both the Audit & Risk Committee and Remuneration & Nomination Committee.

Stuart is an experienced executive within the financial and healthcare sectors. Stuart is currently the Chairman of Prime Financial Group Limited (ASX: PFG), Pulse Health Limited (ASX: PHG) and Greencross Limited (ASX: GXL).

Stuart's past roles have included Managing Director of Australian Financial Services for Colonial Group Ltd and Managing Director of Colonial State Bank (formerly the State Bank of NSW). Until recently, Stuart also held the position of Chairman of Progen Pharmaceuticals Limited (ASX: PGL), was a Non-Executive Director of Phosphagenics Limited (ASX: POH) and was a member of the Supervisory Board

¹ Clause 8.3(b) of the Constitution.

of Wolters Kluwer Nv. Stuart also held an executive role as CEO of the Mayne Group Ltd from January 2002 to November 2005.

The Directors, with Mr James abstaining, unanimously recommend that you vote in favour of Item 2.

4. Approval of Long Term Equity Incentive Plan (Item 3)

Review of Company remuneration policies

Before listing on ASX, the Board adopted a performance rights plan to give the Board flexibility to provide long term incentives to senior executives through the grant of performance rights. However, since listing on ASX, no performance rights have been granted.

Following a detailed review of the Company's remuneration policy by the Remuneration & Nomination Committee, the Remuneration & Nomination Committee has recommended to the Board, and the Board has adopted, a new Senior Management Remuneration Policy which contemplates annual grants of Performance Rights to Senior Managers commencing this year under the Equity Incentive Plan.

The Equity Incentive Plan replaces the previous performance rights plan which applied from the Company's ASX listing.

While the Equity Incentive Plan provides the Board with flexibility to grant Performance Rights, Shares or Options, the Board's current intention is to grant Performance Rights.

Principles of Senior Management Remuneration Policy

The Senior Management Remuneration Policy is based on the following principles:

- 1 Total remuneration packages (including short term incentives and long term incentives) for Senior Managers will be targeted to be within 20% of the benchmark total remuneration packages for comparator high growth companies.
- 2 The percentage of benchmark that a Senior Manager is entitled to will be determined having regard to their prior experience in similar roles at similar levels and their performance with the Company. Those that are new to the role and developing should be at the lower end of the percentage benchmark; those that are outperforming should be at the higher end of the percentage benchmark.
- 3 As an organisation which rewards performance, the proportion of 'at risk' incentives in each Senior Manager's total remuneration package will, in general, be higher than comparator groups (conversely, total fixed remuneration will, in general, be lower than comparator groups).

The Senior Management Remuneration Policy will be achieved through:

- the provision of base remuneration agreed with each Senior Manager upon commencement and reviewed on the earlier of annually or when changes in circumstances to the Company occur;
- the payment of short term cash incentives upon the achievement of set benchmarks each year; and
- as a long term incentive, the annual issue of Performance Rights (which vest upon the achievement of set benchmarks over a three year period) under the Equity Incentive Plan.

Item 3 of this Notice deals with the third of these pillars – the issue of securities under the Equity Incentive Plan which, as noted above, is contemplated to be by way of Performance Rights.

The Board carefully considered the appropriate type of Equity Incentive Plan. As an early stage growth company the Board took the view that Performance Rights were a preferable type of equity unit to use

for long term incentive purposes. Shares and options were considered and rejected at this stage. Shares involve excessive administration and carry dividend entitlements that should not be received by participants prior to vesting. Options on the other hand can promote excessive risk taking and therefore were seen as less appropriate than performance rights.

For the 2015 year EPS growth and relative TSR were selected as the appropriate benchmarks as they are commonly used and generally acceptable performance metrics. They are also appropriate indicators of Affinity's performance which is aiming to produce superior returns for shareholders. EPS growth has been given a greater weighting than relative TSR as this metric is viewed by the Board as having the strongest link with the performance of the executive team and is expected to drive growth in shareholder value. A lower weighting on relative TSR was seen as appropriate given that share price does not always directly align with internal financial performance improvement and it was difficult to compose a comparator group of like companies against which to compare Affinity's TSR performance. A broader comparator group was selected being companies in the S&P/ASX300 Index and was matched with a more challenging than usual vesting scale (0% rather than usual 50% vesting at 50th percentile performance).

What is a Performance Right?

A Performance Right is a right to receive a Share upon the achievement of benchmarks (which are determined by the Board at the time the Performance Right is granted).

Upon the achievement of these benchmarks, the Performance Right vests and the Senior Manager is entitled to receive a Share. Upon the vesting of Performance Rights, the Company may (at its discretion) either issue the relevant Shares to the Senior Manager or acquire the equivalent number of Shares on market and transfer them to the Senior Manager.

The number of Performance Rights issued to any Senior Manager in any given year represents the maximum number of Shares that they could be entitled to receive if the maximum benchmark triggers are met. To the extent such benchmarks are not met, a fewer number (and possibly zero) Performance Rights will vest.

What are the terms of the Equity Incentive Plan?

The terms and conditions of the Equity Incentive Plan are summarised in the **schedule** to this Notice. A full version of the Equity Incentive Plan can be obtained by contacting the Company Secretary (see details at the end of section 7).

Who will be issued Performance Rights under the Equity Incentive Plan?

The Board's current intention is to only issue Performance Rights to Senior Managers.

Currently, the Company's Senior Managers include the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and Company Secretary, and the National Operations Manager. The issue of any Performance Rights to the Chief Executive Officer and Chief Operating Officer, who are Executive Directors, are separately subject to Member approval which is being sought under Item 4.

In addition to the 576,922 Performance Rights proposed to be issued to the Chief Executive Officer and 335,462 Performance Rights proposed to be issued to the Chief Operating Officer as described in section 5, the Board currently intends to issue a total of 413,783 Performance Rights under the 2015 Performance Rights Award to other Senior Managers. The Board reserves the right to issue additional Performance Rights to Senior Managers under the Equity Incentive Plan from time to time, as permitted by the Listing Rules (eg to a new Senior Manager and to existing Senior Managers on an annual basis).

Why are we seeking Member approval?

Approval of the Equity Incentive Plan is sought under Listing Rule 7.2 Exception 9 so the issue of Performance Rights, Shares or Options under the Equity Incentive Plan are not counted in the

Company's 15% limit under Listing Rule 7.1 for three years, thereby providing the Company with additional flexibility to issue additional equity securities without Member approval. After the expiry of the three year approval period, the Company will need to obtain a further Member approval to retain the benefit of this exception.

If Member approval is not obtained, the Board will need to reconsider the Equity Incentive Plan and the 2015 Performance Rights Award. Any Performance Rights issued to Senior Managers (excluding Executive Directors) under the Equity Incentive Plan (including under the 2015 Performance Rights Award) would then need to be counted in the Company's 15% limit. Any Performance Rights to be issued to Executive Directors requires a separate Member approval (see the discussion on Item 4 below) which, if obtained, would allow those Performance Rights to be excluded from the Company's 15% limit.

Directors' recommendation

The Directors note that significant work has been put into developing the Senior Management Remuneration Policy which the Board believes aligns the interests of Senior Managers with Members in a fair way.

The Directors (Mr Laboo and Ms Giufre abstaining) unanimously recommend that you vote in favour of Item 3.

5. Approval of issue of Performance Rights to Executive Directors under Long Term Equity Incentive Plan (Item 4)

The Board proposes to grant Performance Rights to the Executive Directors under the 2015 Performance Rights Award.

What benchmarks will apply to the Performance Rights proposed to be issued to Executive Directors under the 2015 Performance Rights Award?

The Board currently intends to apply the following benchmarks (vesting conditions) to the Performance Rights proposed to be issued to Executive Directors under the 2015 Performance Rights Award:

Benchmark	% of Senior Manager's Performance Rights allocated to benchmark	Triggers for vesting of Performance Rights allocated to that benchmark	
Average earnings per share growth per annum over three years (Average EPS Growth) ²	75%	Average EPS Growth below 10% per annum	0% vest
		Average EPS Growth between 10% and 15% per annum	Pro-rata between 0% and 50% vest
		Target Average EPS Growth – 15% per annum	50% vest
		Average EPS Growth	Pro-rata

² Earnings per share for the 2015 Performance Rights Award will be measured as the underlying NPAT divided by the weighted average shares on issue for that year. Items affecting statutory NPAT in the 2015 financial year (eg the quantum of acquisition costs) will be addressed in short term incentives. Each year the Remuneration & Nomination Committee will consider whether underlying NPAT, rather than statutory NPAT, remains the most appropriate measure. It is anticipated that when the Company develops past its initial growth stage, statutory NPAT will be used in determining earnings per share for any Performance Rights issued after that time.

Benchmark	% of Senior Manager's Performance Rights allocated to benchmark	Triggers for vesting of Performance Rights allocated to that benchmark	
		between 15% and 25% per annum	between 50% and 100% vest
		Average EPS Growth above 25% per annum	100% vest
Total shareholder return compared to companies in the S&P/ASX 300 Index	25%	Below 50 th percentile	0% vest
		Between 50 th and 60 th percentile	Pro-rata between 0% and 50% vest
		Target – 60th percentile	50% vest
		Between 60 th and 75 th percentile	Pro-rata between 50% and 100% vest
		Above 75 th percentile	100% vest

Upon the issue of Performance Rights under the 2015 Performance Rights Award (with 75% of the Performance Rights issued having an Average EPS Growth benchmark and 25% of the Performance Rights issued having a total shareholder return benchmark), the benchmarks achieved will be determined by the Board in early 2018 following the release of the Company's financial results for the year ended 31 December 2017. Subject to the achievement of the relevant benchmarks, the Performance Rights will either lapse or vest (in which case the holder will be transferred or issued one Share for each vested Performance Right for no additional consideration).

Determination of number of Performance Rights to be issued

The Remuneration & Nomination Committee has determined that the number of Performance Rights to be issued to the Executive Directors under the 2015 Performance Rights Award should be calculated as follows:

$$(A \times B \times C) \div D$$

Where:

A = The Senior Manager's total annual fixed remuneration.

B = The value that the Performance Rights / Shares should represent as a percentage of the Senior Manager's total annual fixed remuneration (assuming the target benchmarks are achieved). As discussed below, this has been set at 75% for the 2015 Performance Rights Award for the Executive Directors.

C = Overachievement multiplier if stretch benchmarks are achieved. In this case, the maximum number of Performance Rights that can vest is twice the number of Performance Rights that can vest upon the meeting of target benchmarks, so the multiplier is 2.

D = Value of Performance Rights calculated based on a 30 day VWAP of Shares immediately before the year of grant. For the 2015 Performance Rights Award, the 30 day VWAP of Shares to 31 December 2014 was \$1.17.

In relation to variable B in the formula above, the Remuneration & Nomination Committee has determined that if the target benchmarks referred to in the table above are achieved (ie average earnings per share³ growth equals 15% per annum and the Company's total shareholder return ranks it in the 60th percentile of comparator companies), half of the Executive Directors' Performance Rights will vest and they will be entitled to receive Shares equivalent to 75% of their total annual fixed remuneration. The remaining half of their Performance Rights will lapse.

This percentage is generally higher than the equivalent in comparator companies, although this is intentional – Mr Laboo's and Ms Giufre's total annual fixed remuneration is generally lower than those in comparator companies, meaning a higher component of their total potential remuneration is intended to be 'at risk' through the grant of Performance Rights. The Board believes that with the proposed issue of Performance Rights, the overall remuneration for Mr Laboo and Ms Giufre is comparable to those provided by comparator companies.

Need for Member approval under Listing Rule 10.14

Two of the Company's Senior Managers, Justin Laboo (Chief Executive Officer) and Gabriel Giufre (Chief Operating Officer), are also Executive Directors.

Under Listing Rule 10.14, Member approval is required for the proposed issue of Performance Rights to Executive Directors under the 2015 Performance Rights Award. Any proposed issue of Performance Rights under future cycles of the Equity Incentive Plan will also require Member approval at that time.

Information required by Listing Rule 10.15

Listing Rule 10.15 requires information to be given to Members. This information is supplied in the table below.

	Item 4(a) – Justin Laboo	Item 4(b) – Gabriel Giufre
Number of Performance Rights (representing the maximum number of Shares) to be issued	576,922	335,462
Price payable for each Performance Right	No consideration is payable by either Mr Laboo or Ms Giufre at the time of issue of the Performance Rights or upon vesting	
Names of persons who have received Performance Rights under the Equity Incentive Plan since the last Member approval	No Performance Rights have been issued under the Equity Incentive Plan or the Company's previous performance rights plan	
Names of persons referred to in Listing Rule 10.14 entitled to participate in the Equity Incentive Plan	Justin Laboo and Gabriel Giufre	
Terms of any loan in relation to the acquisition	No loans will be made by the Company in connection with the issue of Performance	

³ Earnings per share for the 2015 Performance Rights Award will be measured as the underlying NPAT divided by the weighted average shares on issue for that year. Items affecting statutory NPAT in the 2015 financial year (eg the quantum of acquisition costs) will be addressed in short term incentives. Each year the Remuneration & Nomination Committee will consider whether underlying NPAT, rather than statutory NPAT, remains the most appropriate measure. It is anticipated that when the Company develops past its initial growth stage, statutory NPAT will be used in determining earnings per share for any Performance Rights issued after that time.

	Rights
The date by which the Performance Rights will be issued	The Performance Rights will be issued within two months of the date of the Meeting

(a) Issue of Performance Rights to Justin Laboo – Item 4(a)

Mr Laboo's total annual fixed remuneration is \$450,000 (variable A in the formula above). Accordingly, the Board seeks Member approval under Listing Rule 10.14 to issue Mr Laboo 576,922 Performance Rights calculated in accordance with the formula set out above as follows:

$$(\$450,000 \times 75\% \times 2) \div \$1.17 = 576,922$$

If Member approval is obtained and Mr Laboo is issued 576,922 Performance Rights, the actual number of these Performance Rights that would vest and be converted into Shares in 2018 will depend on the achievement of the benchmarks outlined above.

Consequences if Member approval not obtained

If Members do not approve Item 4(a), Mr Laboo will not be granted any Performance Rights and the Board will need to reconsider the operation of the Senior Management Remuneration Policy.

Directors' recommendation

The Directors (Mr Laboo abstaining) unanimously recommend that you vote in favour of Item 4(a).

(b) Issue of Performance Rights to Gabriel Giufre – Item 4(b)

Ms Giufre's total annual fixed remuneration is \$261,660 (variable A in the formula above). Accordingly, the Board seeks Member approval under Listing Rule 10.14 to issue Ms Giufre 335,462 Performance Rights calculated in accordance with the formula set out above as follows:

$$(\$261,660 \times 75\% \times 2) \div \$1.17 = 335,462$$

If Member approval is obtained and Ms Giufre is issued 335,462 Performance Rights, the actual number of these Performance Rights that would vest and be converted into Shares in 2018 will depend on the achievement of the benchmarks outlined above.

Consequences if Member approval not obtained

If Members do not approve Item 4(b), Ms Giufre will not be granted any Performance Rights and the Board will need to reconsider the operation of the Senior Management Remuneration Policy.

Directors' recommendation

The Directors (Ms Giufre abstaining) unanimously recommend that you vote in favour of Item 4(b).

6. Approval of financial assistance (Item 5(a) and Item 5(b))

Background

The Company has agreed to acquire all of the shares in each of BHL Childcare Limited (**BHL**) and NTL Investments Pty Ltd (**NTL**) as part of its acquisition of childcare centre groups announced to ASX on 17

December 2014 and 2 February 2015 (the **Acquisitions**). The Acquisitions are expected to be completed before the date of the Meeting. Accordingly, each of BHL and NTL (and their respective subsidiaries) are expected to become wholly-owned subsidiaries of the Company (each a **Subsidiary**).

The Acquisitions are proposed to be funded in whole or part by financing from the Commonwealth Bank of Australia (**Financier**) provided under the First Amended and Restated Facility Agreement of the Facility Agreement dated 6 November 2013 (**Facility Agreement**).

As contemplated by the Facility Agreement, it is proposed that following completion of the Acquisitions, each Subsidiary will provide security to the Financier, the details of which are described further below. The fact that it is proposed that each Subsidiary provide security to the Financier will constitute 'financial assistance' in connection with the acquisition of shares under the Corporations Act.

Why is approval required?

Although the Corporations Act allows the Company to authorise the provision of the security and the giving of financial assistance by the Subsidiaries, the Financier requires that the Company seek the approval of Members for the transactions by special resolution (which is an alternative way to authorise the transactions under the Corporations Act).⁴

This section sets out all information known to the Company that is material to the decision on how to vote on each special resolution the subject of Item 5(a) and Item 5(b), other than information that would be unreasonable to require the Company to set out because the Company has previously disclosed that information to Members.

Details of the financial assistance proposed to be provided

It is a condition of the Facility Agreement that the Company procure that BHL and its wholly-owned subsidiary (together, **BHL Group**) and NTL and its five subsidiaries (together, **NTL Group**) each enter into:

- 1 a guarantee and indemnity in favour of the Financier for all financial accommodation provided to the Company under the Facility Agreement;
- 2 a general security interest in favour of the Financier over all present and after acquired property of the BHL Group and NTL Group (as relevant); and
- 3 where applicable, a mortgage in favour of the Financier over the leases held by the BHL Group and NTL Group (as relevant), if necessary, a right of entry in respect of each such mortgage,

(in relation to the BHL Group, the **BHL Finance Documents** and in relation to the NTL Group, the **NTL Finance Documents**).

As noted above, the granting of a guarantee or indemnity or the granting of security over assets is considered to be a form of financial assistance.

By entering into the BHL Finance Documents and the NTL Finance Documents, the BHL Group and NTL Group (as relevant) will be financially assisting the Company to acquire shares in BHL and NTL respectively.

This is the case even though the Company will have already acquired all of the shares in the Subsidiaries when the financial assistance is given.

The Company and the Subsidiaries may also enter into various documents in connection with the refinancing, replacement, renewal or variation of all or any part of the debt facilities referred to in the Facility Agreement from time to time, whether by debt, equity, hybrid instrument or otherwise (including subsequent refinancings, replacements, renewals or variations thereafter) (**Refinanced Debt Facilities**).

⁴ Under section 260B of the Corporations Act.

If the resolutions are passed and the Subsidiaries provide the guarantees and security described above, they may also be required to provide similar guarantees and security in relation to the Refinanced Debt Facilities. Any such future guarantees and security may also constitute the giving of financial assistance in connection with the acquisition of the shares in BHL and NTL.

Timing of financial assistance

If Member approval for Item 5(a) and Item 5(b) are obtained, the intention is that BHL Group will enter into the BHL Finance Documents and the NTL Group will enter into the NTL Finance Documents no earlier than 14 days after the Meeting as required by the Corporations Act.

Disadvantages of giving the financial assistance

The potential disadvantages for each Subsidiary entering into the BHL Finance Documents or NTL Finance Documents (as appropriate) and providing the financial assistance noted above are that:

- it may impact on the Subsidiary's ability to borrow money in the future because a financier may be deterred by the existence of any securities from making finance available to the Subsidiary;
- if the Company or other obligors fail to pay amounts due or perform obligations in accordance with the Facility Agreement then the Financier may enforce the Finance Documents against the Subsidiary having an adverse impact on the Subsidiary's financial position; and
- in the event of the winding up of the Subsidiary, the Financier will rank ahead of the members of the Subsidiary with respect to the amounts payable in connection with the Finance Documents.

However, these are not disadvantages for the Company.

Reasons for giving the financial assistance and Directors' views and recommendations

The Directors consider that each Subsidiary will benefit from being a subsidiary of the Company, in that the Subsidiary may gain access to:

- working capital or inter-company loans at beneficial rates; or
- management expertise and business strategies developed for the group of companies of which the Company is part.

The Directors have also formed the view that the giving of financial assistance and entering into the Finance Documents is in the best interests, and for the corporate benefit, of each Subsidiary, the Company and Members because (among other things):

- the financing arrangements for the Company and the Subsidiaries will be more flexible and secured; and
- if a Subsidiary does not enter into the BHL Finance Documents or NTL Finance Documents (as applicable), the Company will be in breach of the Facility Agreement. This would lead to a period of negotiation between the Company and the Financier, one outcome of which could be the Financier cancelling the Company's ability to draw down funds under the Facility Agreement and declaring any funds drawn down previously as immediately due and payable. In addition, the Company may have to negotiate alternative financing and would expect to incur additional costs and transaction fees.

For these reasons the Directors unanimously recommend that you vote in favour of Item 5(a) and Item 5(b).

7. Interpretation

2015 Performance Rights Award means the proposed issue of Performance Rights under the Equity Incentive Plan to Senior Managers after the Meeting as described in section 4 of this Explanatory Memorandum.

Acquisitions means the Company's acquisition of all of the shares in each of BHL and NTL.

ASX means ASX Limited or the securities exchange it operates, as the context requires.

Average EPS Growth has the meaning given in section 5 of this Explanatory Memorandum.

BHL means BHL Childcare Limited.

BHL Finance Documents has the meaning given in section 6 of this Explanatory Memorandum.

BHL Group mean BHL and its subsidiary.

Board means the board of Directors of the Company.

Chair means the person appointed to Chair the Meeting.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or
- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (d) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph.

Corporations Act means the *Corporations Act 2001* (Cth).

Company means Affinity Education Group Limited ACN 163 864 195.

Constitution means the constitution of the Company, as amended from time to time.

Directors mean the directors of the Company.

Equity Incentive Plan means the Equity Incentive Plan adopted by the Board, the terms and conditions of which are summarised in the schedule.

Executive Director means an executive director of the Company which, at the date of this notice, includes Justin Laboo (Chief Executive Officer) and Gabriel Giufre (Chief Operating Officer).

Facility Agreement has the meaning given in section 6 of this Explanatory Memorandum.

Finance Documents means the NTL Finance Documents and BHL Finance Documents.

Financier means the Commonwealth Bank of Australia.

Key Management Personnel or **KMP** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

Listing Rule means the Listing Rules of the ASX.

Meeting means the Company's 2015 annual general meeting.

Member means a registered holder of Shares.

NPAT means net profit after tax.

Notice means the notice of meeting which accompanies this Explanatory Memorandum.

NTL means NTL Investments Pty Ltd.

NTL Finance Documents has the meaning given in section 6 of this Explanatory Memorandum.

NTL Group means NTL and its five subsidiaries.

Option means an option to acquire a Share at a specified exercise price (which may be nil).

Performance Right means a performance right issued under the Equity Incentive Plan which, upon vesting, entitles the holder to one Share.

Remuneration & Nomination Committee means the committee of the Board with that name which is responsible for ensuring, among other things, that the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and Members.

Rotating Directors has the meaning given in section 3 of this Explanatory Memorandum.

Senior Management Remuneration Policy means the policy described in section 4 of this Explanatory Memorandum.

Senior Manager means a senior manager of the Company, currently comprising the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and Company Secretary, and the National Operations Manager.

Shares means fully paid ordinary shares in the issued capital of the Company.

Subsidiary means each of BHL, NTL and their respective subsidiaries.

VWAP means the volume weighted average price.

Any inquiries in relation to the Notice or the Explanatory Memorandum should be directed to:

Mr Paul Cochrane (Company Secretary)
Affinity Education Group Limited
170 Scarborough Street
Southport QLD 4215
Phone: (07) 5644 3505
Email: paul.cochrane@affinityeducation.com.au

Schedule – summary of Equity Incentive Plan

Summary of the Equity Incentive Plan

The Equity Incentive Plan (**Plan**) is a broad plan under which the Board can offer each of the following securities, depending on the design of the prevailing award:

- Shares (Shares issued under the Plan which remain subject to the Plan's terms are **Plan Shares**);
- Options; or
- Performance Rights,

(collectively, **Plan Interests**).

The Board is empowered under the Plan terms and conditions to determine the key terms of any Plan Interest allocated under the Plan.

Eligibility

The Plan is open to eligible employees, namely employees and executive directors of the Company (or a subsidiary of the Company) (**Group**) or any other person whom the Board determines to be eligible to participate in the Plan from time to time (**Eligible Employees**).

Participation

Each Eligible Employee who acquires a legal or beneficial interest in a Plan Interest (including the legal personal representative of the person) becomes a '**Participant**' in the Plan.

Invitation

An offer by the Board to an Eligible Employee to acquire a Plan Interest will specify the terms attaching to the offer, including each of the following (as applicable):

- the number of Plan Interests to which the invitation relates;
- the date the Plan Interests will be allotted;
- any amount payable by Eligible Employees to acquire the Plan Interests;
- any exercise price payable by Participants (**Exercise Price**);
- the date which unvested Plan Interests will lapse or expire (**Expiry Date**);
- any conditions that must be satisfied in relation to a Participant's and/or the Company's performance during a specified period (**Performance Conditions**);
- any conditions that must be satisfied before a Plan Share can be disposed of by a Participant (**Disposal Restrictions**);
- any requirements additional to the Performance Conditions and Disposal Restrictions that must be met to release Plan Interests from the Plan (and deliver Shares to Participants) (**Vesting Conditions**);
- the date on which the Vesting Conditions may be satisfied (**Vesting Determination Date**); and
- any conditions that will result in the forfeiture of a Plan Interest (**Forfeiture Conditions**).

Rights of Participants

Plan Interests remain subject to the terms and conditions of the Plan until all applicable Performance Conditions, Disposal Restrictions and Vesting Conditions are achieved.

Plan Shares may be held by a trustee on behalf of Participants and will rank equally with Shares in respect of dividends and voting entitlements.

Vesting and exercise

Where Options or Performance Rights have been granted, upon vesting and exercise, Participants will receive either a beneficial entitlement to Plan Shares (ie subject to Disposal Restrictions) or a legal and beneficial entitlement to Shares (which are no longer held under the Plan).

Plan Interests will vest on the Vesting Determination Date.

Where no Exercise Price is payable, vested Plan Interests will automatically exercise or convert into Shares:

- if the Vesting Determination Date occurs in an Open Period (as defined in the Company's Securities Trading Policy), on the Vesting Determination Date; or
- if the Vesting Determination Date occurs in a Closed Period (as defined in the Company's Securities Trading Policy), upon the first day of the next Open Period following the Vesting Determination Date,

and the Company must deliver Shares or pay the Cash Equivalent Value (defined below) to the Participant.

Where an Exercise Price is payable, vested Plan Interests may be exercised in accordance with the terms of the invitation.

Depending on the invitation terms specified, the Board may determine in its absolute discretion that a vested Plan Interest will be satisfied by the Company making a cash payment to the Participant in lieu of allocating Shares (**Cash Equivalent Value**).

The Company will apply for quotation on the official list of the ASX of the Plan Shares or Shares (as the case may be) or upon the exercise of a vested Plan Interest. The Company will not seek official quotation by ASX of any Options or Performance Rights.

Lapse

Unless the Board otherwise determines, Plan Interests will lapse on the earliest to occur of:

- if the Participant elects to cease employment with the Group;
- if the Participant's employment with the Group ceases due to a Qualifying Reason (defined below) or at the election of the Company and the Board does not exercise its discretion described below;
- if the Participant commits an act of gross misconduct in relation to the Group or is summarily dismissed;
- the Expiry Date being reached;
- an applicable Performance Condition not being met; or
- a Forfeiture Condition occurring.

On a Plan Interest lapsing, all rights of a Participant in respect of that Plan Interest cease.

Cessation of employment

Unless the Board otherwise determines, if a Participant's employment with the Group ceases due to redundancy, retirement, permanent disability, death (**Qualifying Reason**) or at the election of the Company (other than for summary dismissal described above), unvested Plan Interests will also lapse.

Pro-rata issues and reconstructions of capital

The terms of an invitation will set out whether a Participant is able to participate in any new issues, bonus issues or pro-rata issues of Shares in respect of Plan Shares held by or on behalf of the Participant. Where Options or Performance Rights have been granted and are unexercised at the record date, a Participant is not entitled to participate in such issues.

In the event of any reconstruction (including consolidation, subdivision, reduction, capital return, buy back or cancellation) of the Company's share capital, the number of Shares or Plan Shares that may be acquired by each Participants and any consideration payable by the Participant for the acquisition of these securities must be reconstructed to the extent necessary to comply with the Listing Rules. In contrast, the terms for the conversion of Performance Rights or Options will remain unchanged.

Change of control

If:

- in the opinion of the Board, a Change of Control Event (defined below) has occurred or is likely to occur, the Board may declare a Plan Interest to be free of any Disposal Restrictions or Vesting Conditions; or
- an event described in paragraphs (1) or (2) of the definition of Change of Control Event set out below has occurred, Plan Interests will be freed of any Disposal Restrictions or Vesting Conditions,

and the Company must issue Shares to the Participant.

A **Change of Control Event** will occur where:

- 1 a takeover bid is made and a person obtains voting power (as that term is defined in the Corporations Act) of more than 50% and the takeover bid has become unconditional;
- 2 a court has sanctioned a compromise or arrangement (other than for the purpose of, or in connection with, a scheme for the reconstruction of the Company); or
- 3 any other transaction which the Board determines will result in a change in control of the Company.

Assignment

Plan Interests issued under the Plan are not transferable or assignable.

Administration

The Plan will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to any applicable Listing Rules) in addition to those set out in the Plan.

Termination and amendment

The Plan may be terminated or suspended at any time by the Board but any such suspension or termination will not affect nor prejudice rights of any Participant holding Plan Interests at that time. The Plan may be amended at any time by the Board.



AFFINITY EDUCATION
GROUP

ABN 37 163 864 195

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

Affinity Education Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000



ALL ENQUIRIES TO

Telephone: 1300 554 474

PROXY FORM

I/We being a member(s) of Affinity Education Group Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY



the Chairman of the
Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting
as your proxy, please write the name of the person or
body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **11:00am on Friday, 17 April 2015 at Corrs Chambers Westgarth, Level 42, ONE ONE ONE Eagle Street, 111 Eagle Street, Brisbane QLD 4000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1b, 3, 4a and 4b: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1b, 3, 4a and 4b, even though the Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1b Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4b Issue of Performance Rights to Gabriel Giufre	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Stuart James	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5a Financial assistance in connection with the acquisition of BHL Childcare Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Long Term Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5b Financial assistance in connection with the acquisition of NTL Investments Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4a Issue of Performance Rights to Justin Laboo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

AFJ PRX501B



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am on Wednesday, 15 April 2015**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Affinity Education Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* in business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**