

ASX Announcement

G8 Education Limited
(ASX:GEM)



G8 Education^{ltd}

3 August 2015

On-Market Takeover Bid \$0.80 per Share – Affinity Education

G8 Education Limited ACN 123 828 553 (**G8 Education**) has today announced an on-market takeover bid for all of the fully paid ordinary shares in Affinity Education Group Limited ACN 163 864 195 (**Affinity Education**) (**Offer**) which are not already held by G8 Education at a price of \$0.80 per Affinity Education share.

Please find enclosed in accordance with item 3 of section 635(1) of the *Corporations Act 2001* (Cth), a copy of G8 Education's bidder statement in relation to the Offer (which will be lodged with the Australian Securities and Investments Commission and served on Affinity Education today).

ENDS

Chris Scott

Managing Director

BIDDER'S STATEMENT – CASH OFFER

This is an important document and requires your immediate attention.

If you are in any doubt as to how to deal with it, you should consult your legal, financial or other professional adviser as soon as possible.



UNCONDITIONAL ON-MARKET CASH OFFER BY G8 EDUCATION LIMITED ACN 123 828 553

to purchase all of your fully paid ordinary shares in

AFFINITY EDUCATION GROUP LIMITED ACN 163 864 195

For **\$0.80 IN CASH** per **AFFINITY EDUCATION SHARE**

THE OFFER PRICE IS FINAL AND WILL NOT BE INCREASED

G8 EDUCATION DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU ACCEPT THIS OFFER

Please call 08 9389 8033 Monday to Friday between 8.00 am and 5.00 pm if you require assistance with your acceptance.

Canaccord Genuity (Australia) Limited ACN 075 071 466 will stand in the market from 3 August 2015. The Offer Period will commence officially on 18 August 2015 and will end on 28 September 2015, unless extended.



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Important Notices

This Bidder's Statement is given by G8 Education Limited ACN 123 828 553 (**G8 Education**) to Affinity Education Group Limited ACN 163 864 195 (**Affinity Education**) under Part 6.5 Corporations Act and sets out certain disclosures required by the Corporations Act.

This Bidder's Statement is dated 3 August 2015. This Bidder's Statement was lodged with ASIC and ASX on 3 August 2015. None of ASIC, ASX nor any of their officers takes any responsibility for the contents of the Bidder's Statement.

Investment decisions

This Bidder's Statement does not take into consideration your individual investment objectives, financial situation or particular needs. You may wish to seek independent financial and taxation advice before deciding whether or not to accept the Cash Offer for your Affinity Education Shares.

Forward looking statements

This Bidder's Statement contains certain forward looking statements and statements of current intention. The forward looking statements in this Bidder's Statement reflect views held at the date of this Bidder's Statement. You should be aware that those statements involve inherent risks and uncertainties. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and those deviations are both normal and to be expected.

None of G8 Education, its officers or any person named in this Bidder's Statement with their consent or involved in the preparation of this Bidder's Statement makes any representation or warranty as to the accuracy or likelihood of fulfilment of any forward looking statement. You should not place undue reliance on those statements.

Defined terms

A number of defined terms are used in this Bidder's Statement. These terms are explained in section 11.

Privacy statement

G8 Education has collected your information from the register of Affinity Education Shareholders.

The Corporations Act permits information to be made available to certain persons, including G8 Education. Your information may also be disclosed on a confidential basis to G8 Education's related bodies corporate and external service providers and may be required to be disclosed to regulators such as ASIC. You can contact us for details of information held by us about you.

Sources of information

The information included in this Bidder's Statement in relation Affinity Education has been prepared by G8 Education using publicly available information, and has not been independently verified. Accordingly, G8 Education does not, to the maximum extent permitted by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Affinity Education in this Bidder's Statement should not be considered comprehensive.

Subject to the foregoing and to the maximum extent permitted by law, G8 Education and its directors disclaim liability for any information concerning Affinity Education included in this Bidder's Statement. Affinity Education Shareholders should form their own views concerning Affinity Education from publicly available information. In addition, the Corporations Act requires Affinity Education to provide a Target's Statement to Affinity Education Shareholders in response to this Bidder's Statement, setting out certain material information concerning Affinity Education.

Enquiries

If you are in any doubt how to deal with this document, you should consult your Broker or your legal, financial or other professional adviser.



How to accept

You may sell your Affinity Education Shares to G8 Education on-market by offering to sell some or all of your Affinity Education Shares on ASX at the Offer Price on and from the Announcement Date until the end of the Offer Period. Canaccord Genuity will stand in the market to acquire on behalf of G8 Education all Affinity Education Shares offered at the Offer Price during normal trading on ASX on and from the Announcement Date, as follows:

- if you hold your Affinity Education Shares in an Issuer Sponsored Holding (your SRN starts with an "I"), to sell your Affinity Education Shares to G8 Education you must instruct any Broker, which may include Canaccord Genuity (where Canaccord Genuity is your existing Broker or you appoint Canaccord Genuity as your Broker), to initiate acceptance;
- if you hold your Affinity Education Shares in a CHESS Holding (your HIN starts with an "X"), to sell your Affinity Education Shares to G8 Education you must instruct your Controlling Participant (for example, your Broker) to initiate acceptance; or
- if you are a Broker or a Participant, to sell your Affinity Education Shares to G8 Education you must initiate acceptance in accordance with the requirements of the ASX Settlement Rules.

You are not required to complete a form to accept the Cash Offer.



Key Dates

Announcement Date	3 August 2015
Bidder's Statement lodged with ASIC	3 August 2015
Affinity Education Shareholders able to sell Affinity Education Shares to G8 Education	3 August 2015
Offer Period officially commences	18 August 2015
Cash Offer closes (unless extended or withdrawn)	28 September 2015

Letter from the Chairperson

3 August 2015

Dear Affinity Education Shareholder

Cash Offer to acquire your Affinity Education Shares

On behalf of G8 Education Limited ACN 123 828 553 (**G8 Education**), we are pleased to present an on-market, unconditional cash offer to acquire your Affinity Education Shares (**Cash Offer**). The Offer Price of \$0.80 cash per Affinity Education Share (**Offer Price**) represents:

- a premium of 48.1% on Affinity Education's closing share price on 2 July 2015; and
- a premium of 25% on Affinity Education's ten day VWAP up to and including 2 July 2015.

The **Offer Price of \$0.80 cash per Affinity Education Share is final and will not be increased.**

The Cash Offer is made by way of an on-market, unconditional cash offer. Particulars of the Cash Offer were disclosed by Canaccord Genuity (G8 Education's broker) to the ASX on the date of this Bidder's Statement. A copy of the Takeover Announcement is set out in Schedule 1 to this Bidder's Statement.

I encourage you to read this Bidder's Statement for more details about the Cash Offer and about G8 Education.

The Cash Offer may only be accepted by selling your Affinity Education Shares on market. You can do this through your stockbroker or through G8 Education's broker, Canaccord Genuity. The usual rules for settlement of transactions which occur on-market on ASX will apply to G8 Education's purchase of Affinity Education Shares on-market. This means that if you accept the Cash Offer, you will be paid on a T+3 Basis (being within 3 Trading Days after the trade is executed).

G8 Education also announced today that its offers under the off-market bid announced on 2 July 2015 (Scrip Offer), will be free from all defeating conditions and the consideration will be increased to 1 G8 Education Share for every 4.25 Affinity Education Shares. Further, G8 Education has declared the consideration under the Scrip Offer final¹. The Scrip Offer is expected to open on or about 18 August 2015 and run concurrently to the Cash Offer. For more information on the Scrip Offer, refer to the replacement bidder's statement dated 3 August 2015.

If you have any questions about the Cash Offer, please contact your legal, financial or other professional adviser or call 08 938 8033 Monday to Friday 8.30 am to 5.00 pm.

I commend the Cash Offer to you and strongly encourage you to accept it for the reasons set out in this Bidder's Statement.

Yours sincerely



Jenny Hutson
Chairperson
G8 Education Limited



¹ G8 Education may be required by law to increase the consideration under the Scrip Offer, which would occur prior to the Scrip offer opening – refer to Section 9.2 for more information.



1 Highlights

1. The Cash Offer represents an attractive premium to the trading price of Affinity Education Shares.
2. Accepting the Cash Offer enables you to realise cash consideration now for your Affinity Education Shares. You will be paid for your shares on a T+3 Basis.
3. There are risks in remaining a minority shareholder of Affinity Education.
4. No other proposal has emerged for your Affinity Education Shares at the date of this Bidder's Statement.
5. Affinity Education's share price may fall and liquidity may be reduced.
6. No stamp duty will apply.



2 Frequently asked questions about the Cash Offer

Question	Answer
What is the Cash Offer?	<p>G8 Education is making an on-market, unconditional cash offer to acquire your Affinity Education Shares at \$0.80 cash per Affinity Education Share (Cash Offer).</p> <p>The Offer Price of \$0.80 cash per Affinity Education Share is final and will not be increased.</p> <p>If you accept the Cash Offer, you will be paid on a T+3 Basis (being within 3 Trading Days after the trade is executed).</p>
How long is the Cash Offer open for?	<p>The Cash Offer officially opens on 18 August 2015, however you can sell your Affinity Education Shares on-market to G8 Education immediately.</p> <p>Canaccord Genuity will stand in the market on behalf of G8 Education and receive all Affinity Education Shares offered to it at the Offer Price from the Announcement Date until 28 September 2015, the date the Cash Offer is scheduled to close (unless extended or withdrawn in accordance with the Corporations Act).</p>
What are the conditions of the Cash Offer?	<p>The Cash Offer is unconditional.</p>
Do I have to pay any fees?	<p>You are responsible for paying your Broker's fees. You should ask your Broker or Controlling Participant (usually your Broker) whether it will charge any transaction fees or service charges in connection with acceptance of the Cash Offer.</p>
What should I do?	<p>To accept the Cash Offer, you should:</p> <ul style="list-style-type: none">▪ read this Bidder's Statement in full;▪ read Affinity Education's Target's Statement in full (when issued);▪ consult your Broker, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer; and▪ accept the Cash Offer in the manner described in the section 'How to Accept' of this Bidder's Statement. <p>If you have any queries about the Cash Offer, you may also call Advanced Share Registry Services on 08 9389 8033 on Monday to Friday between 8.30 am and 5.00 pm.</p>
How do I accept the Cash Offer?	<p>To accept the Cash Offer, you should follow the instructions set out in the section 'How to Accept' of this Bidder's Statement.</p>
If I accept the Cash Offer, when will I receive consideration for my Affinity Education Shares?	<p>The usual rules for settlement of transactions which occur on-market on ASX will apply to G8 Education's purchase of Affinity Education Shares on-market. This means that, if you accept the Cash Offer, you will be paid on a T+3 Basis (being within 3 Trading Days after your acceptance).</p>



Question	Answer
Can I receive G8 Education Shares as consideration?	<p>The Cash Offer is a cash only offer. If you wish to receive G8 Education Shares as consideration for your Affinity Education Shares, accept the Scrip Offer.</p> <p>Detailed information about the Scrip Offer is set out in the replacement bidder's statement (Scrip Offer) dated 3 August 2015.</p>
What happens if I accept the Cash Offer?	<p>If you accept the Cash Offer, you will be paid the Offer Price on a T+3 Basis, unless G8 Education becomes entitled to acquire your Affinity Education Shares (and does so).</p>
What happens if I do not accept the Cash Offer?	<p>If you do not accept the Cash Offer (or the Scrip Offer), you will remain an Affinity Education Shareholder.</p>
What are the tax implications of accepting the Cash Offer?	<p>A general description of the taxation treatment for certain Australian resident Affinity Education Shareholders accepting the Cash Offer is set out in section 8. You should not rely on that description as advice for your own affairs.</p> <p>You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer.</p>



3 Reasons to accept the Cash Offer

1

The Cash Offer represents an attractive premium to the trading price of Affinity Education Shares.

2

Accepting the Cash Offer enables you to realise cash consideration now for your Affinity Education Shares. You will be paid for your shares on a T+3 Basis.

3

There are risks in remaining a minority shareholder of Affinity Education.

4

No other proposal has emerged for your Affinity Education Shares at the date of this Bidder's Statement.

5

Affinity Education's share price may fall and liquidity may be reduced.

6

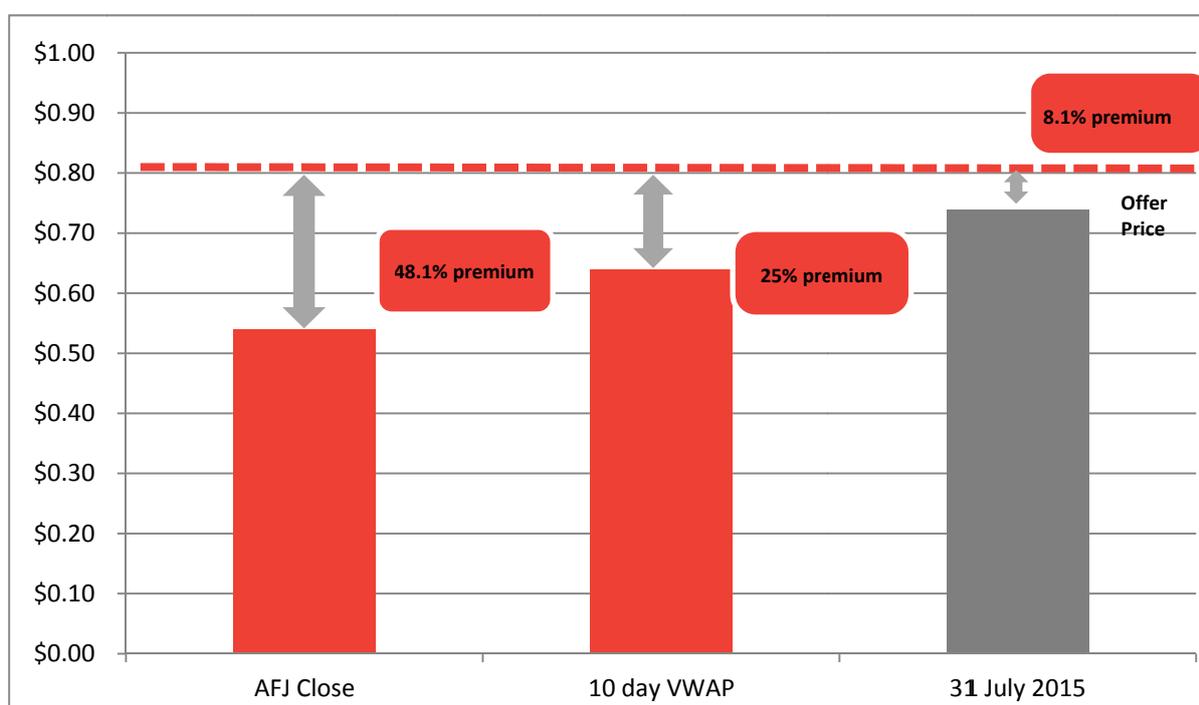
No stamp duty will apply.



1

The Cash Offer represents an attractive premium to the trading price of Affinity Education Shares.

The Cash Offer of \$0.80 per Affinity Education Share represents an attractive premium to the trading price of Affinity Education Shares prior to G8 Education announcing its intention to make an off-market bid on 3 July 2015.



The Offer Price is \$0.80 per Affinity Education Share.

'AFJ Close' is the closing price of Affinity Education Shares on 2 July 2015, the trading day before G8 Education announced its intention to make the Scrip Offer.

'10 day VWAP' is calculated as the VWAP of Affinity Education Shares on ASX on the 10 trading days up to and including 2 July 2015, being the 10 trading days before G8 Education announced its intention to make an off-market Scrip Offer.

'31 July 2015' is based on the closing price of Affinity Education Shares on 31 July 2015 of \$0.74, being the trading day before this Bidder's Statement was lodged with ASIC.

Recent trading prices for shares in Affinity Education are set out in section 5.16.



2

Accepting the Cash Offer enables you to realise cash consideration now for your Affinity Education Shares. You will be paid for your shares on a T+3 Basis.

Key attributes of the Cash Offer are:

- an on-market bid, unconditional offer of \$0.80 cash per Affinity Education Share (**Offer Price**);
- the Cash Offer will be made during the period commencing on 18 August 2015 and ending on 28 September 2015, but you can sell your Affinity Education Shares on-market **immediately**; and
- the Offer Price of \$0.80 cash per Affinity Education Share is final and will not be increased.

By accepting the Cash Offer:

- you will receive \$0.80 cash for each Affinity Education Share purchased by Canaccord Genuity on behalf of G8 Education; and
- you will be paid on a T+3 Basis (being within 3 Trading Days after the trade is executed).

The certainty of this cash consideration should be compared against the uncertainties of, and risks associated with, remaining an Affinity Education Shareholder.



3

There are risks in remaining a minority shareholder in Affinity Education.

G8 Education already owns 19.89% of Affinity Education Shares as at the date of this Bidder's Statement and is Affinity Education's largest shareholder. The Cash Offer is free from all defeating conditions and in particular, there is no minimum acceptance condition.

Any increase in G8 Education's ownership interest in Affinity Education, particularly a material increase, may cause G8 Education to obtain effective control of Affinity Education. G8 Education's intentions in these circumstances are set out in section 6. In particular, G8 Education will seek board representation on the Affinity Education board. While G8 Education's nominees will, at all times, act in accordance with their fiduciary duties, the presence of a controlling shareholder with board representation gives rise to a risk that Affinity Education is considered a less attractive investment. For example, the market may perceive that control transactions are less likely, and if G8 Education was successful in applying to ASX to delist Affinity Education, this may have a material effect on the value of Affinity Education Shares.

Therefore, by not accepting the Cash Offer, there is a risk that Affinity Education Shareholders may become minority shareholders in an unlisted public company.

If G8 Education decides not to seek a delisting of Affinity Education, or its application to ASX is unsuccessful it is likely that trading in Affinity Education Shares will be even less liquid than it has been historically.



4

No other proposal has emerged for your Affinity Education Shares at the date of this Bidder's Statement.**G8 Education's current 19.89% shareholding in Affinity Education might make a competing proposal for Affinity Education less likely.**

G8 Education currently owns 19.89% of Affinity Education Shares as at the date of this Bidder's Statement and consequently is able to prevent any other bidder for Affinity Education from reaching the compulsory acquisition threshold under a takeover bid. In addition, G8 Education's shareholding would also make it difficult for another party to acquire control through a scheme of arrangement without G8 Education's support, although this is theoretically possible.

As a result of these factors, it is less likely that another proposal will emerge for your Affinity Education Shares.



5

Affinity Education's share price may fall and liquidity may be reduced.**If the Cash Offer does not proceed, Affinity Education's share price may fall and liquidity may be reduced.**

As at the date of this Bidder's Statement, no other party has announced an offer for your Affinity Education Shares.

Since G8 Education announced its Scrip Offer for Affinity Education Shares on 3 July 2015, the price of Affinity Education Shares has increased by 37%². When the Cash Offer is no longer open for acceptance, the Affinity Education share price may fall back to levels prior to the announcement of the Scrip Offer and liquidity may be reduced. If the Cash Offer does succeed, but G8 Education does not achieve sufficient acceptances to proceed to compulsorily acquire all Affinity Education Shares that it does not own, this may, for the reasons set out above, cause a fall in the Affinity Education Share price and a reduction in liquidity.

² Based on the closing price of Affinity Education Shares on 31 July 2015, the trading day before this Bidder's Statement was lodged with ASIC.



6

No stamp duty will apply.

Affinity Education shareholders will not have to pay stamp duty on the transfer of their Affinity Education Shares under the Cash Offer.

However, you may need to pay brokerage (and GST) to accept the Cash Offer. You are responsible for paying your Broker's fees. You should ask your Broker or Controlling Participant (usually your Broker) whether it will charge any transaction fees or service charges in connection with acceptance of the Cash Offer.



4 Profile of G8 Education

4.1 OVERVIEW

G8 Education was admitted to the official list of the ASX in 2007. In March 2010 the company merged with Payce Child Care Pty Ltd to become G8 Education. As at 31 December 2014 G8 Education employed 9,705 people across its operations with its head office located in Queensland.

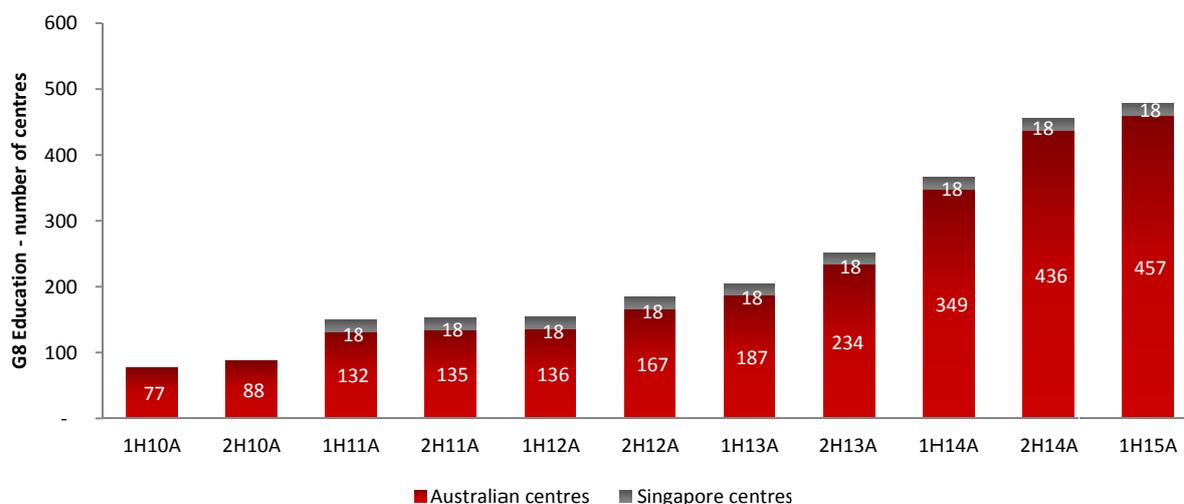
Since 2010 G8 Education has been highly acquisitive with centre additions each year. G8 Education applies a disciplined approach to acquisitions with a focus in high demand areas. The acquisition due diligence process is robust and disciplined providing multiple avenues for assessment and review.

4.2 BUSINESS OPERATIONS

G8 Education is the largest for-profit provider of high quality education and childcare in Australia with 457 owned centres and a daily licence capacity of 33,402 children as at 30 June 2015. G8 Education's business model is to identify, acquire, integrate and manage childcare centres and implement best practice operating efficiencies to improve organic performance. G8 Education acquired 203 new centres with 13,697 licensed places in 2014 with a focus on disciplined consolidation in high demand areas.

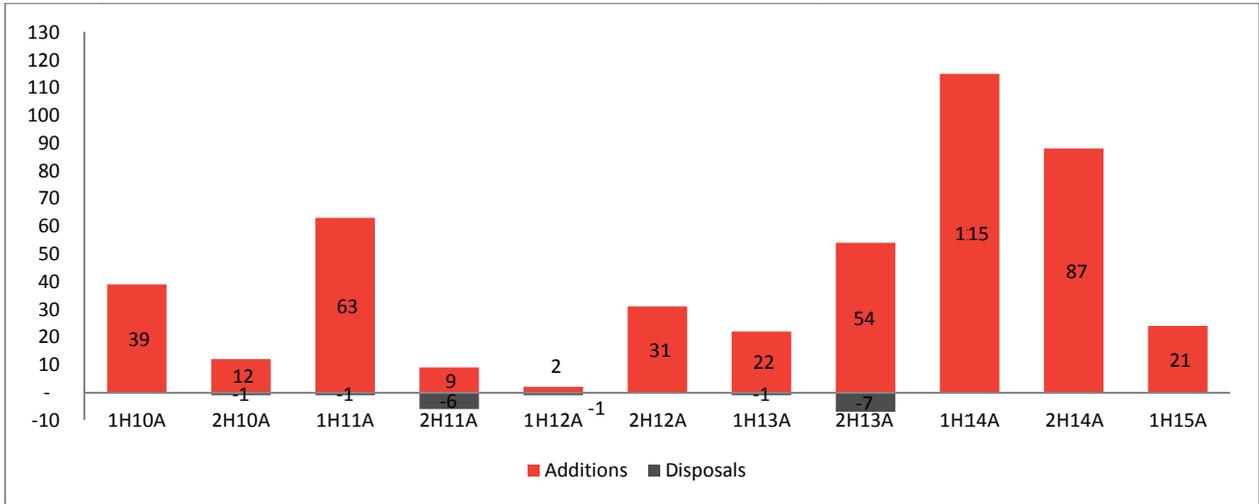
G8 Education also owns 18 childcare and education centres and operates 37 franchised childcare and education centres in Singapore, managed under the 'Our Juniors', 'Bright Juniors' and 'Cherie Hearts' brands. The model under which the Singapore franchise centres operate is a fee for service and involves different services and level of service according to the fees paid.

Growth in G8 Education's Portfolio of Childcare Centres





Change in Portfolio

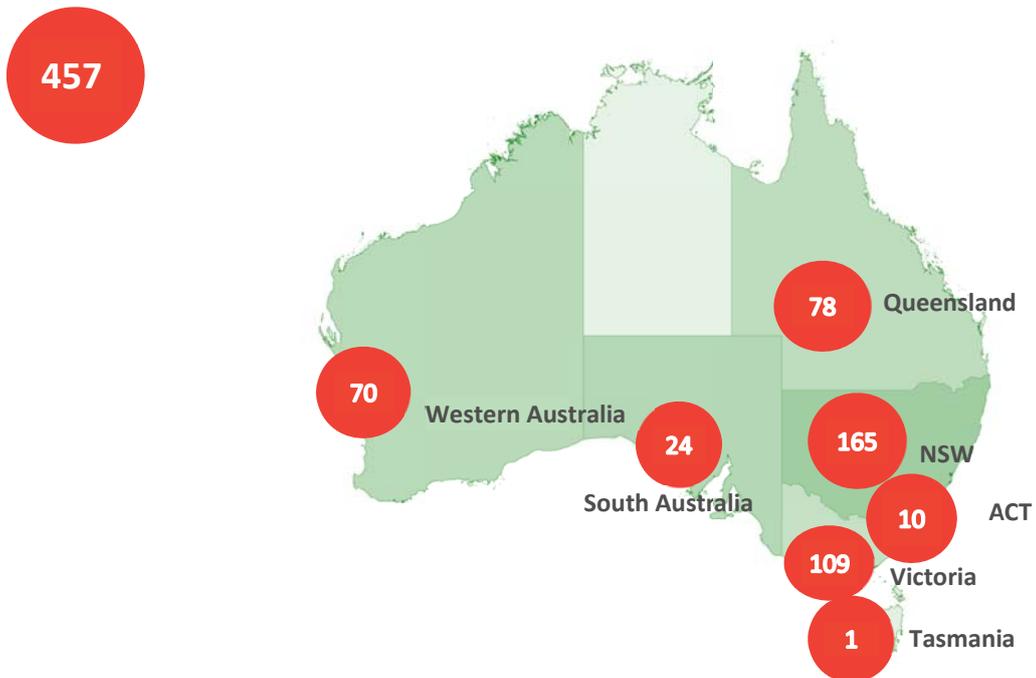


4.3 LOCATIONS OF CHILDCARE AND EDUCATION CENTRES

Australia

The majority of G8 Education's centres are located in metropolitan areas with over 70% of all centres located within 40km of a CBD.

Australia centres





Singapore

Singapore Centres



4.4 G8 EDUCATION BRAND PORTFOLIO

G8 Education operates a diversified brand strategy which allows G8 Education to access and build upon the existing value of the brands within the communities in which they operate. The strength of these brands is demonstrated through their consistent performance. This combined with the high quality strength of the G8 Education brand provides comfort to parents that the services provided meets the needs of the local community.

G8 Education maintains a centralised curriculum which includes the key concepts to be addressed and taught within all centres. However, the curriculum is adaptable by the individual centres (and brands) in order to address the socio-economic demographic profile of that centre brand and the corresponding service level.

The table below illustrates the number of centres per brand within the G8 Education portfolio in both Australia and Singapore.



G8 EDUCATION LIMITED'S BIDDER'S STATEMENT
CASH OFFER FOR AFFINITY EDUCATION GROUP

Total number of centres by brand

AUSTRALIA – 457 CENTRES



SINGAPORE – 18 CENTRES



Note: Number of centres indicated by number

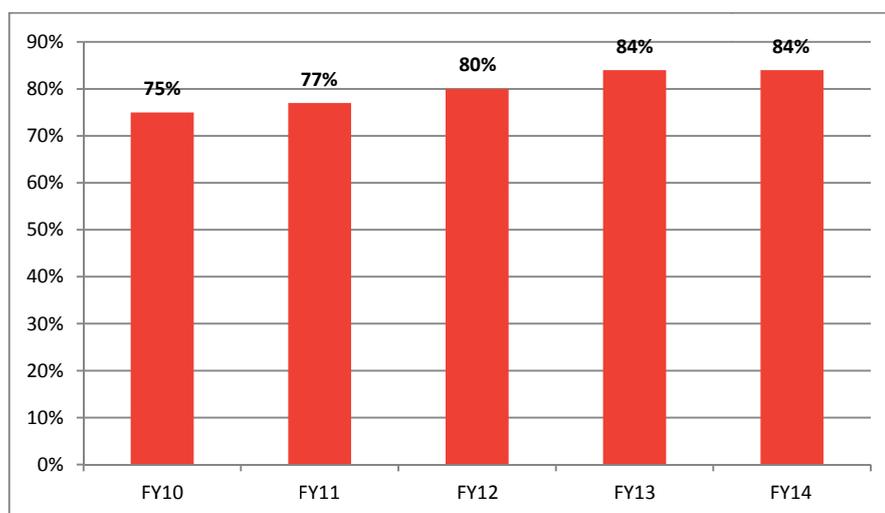


4.5 OCCUPANCY RATES

G8 Education's continued improvements in occupancy since 2010 are an important indication of family satisfaction.

G8 Education's business is seasonal with occupancy increasing throughout the year. The chart below illustrates average occupancy for the year.

Childcare and Education Centre Occupancy



4.6 LEASE ARRANGEMENTS

G8 Education has made the strategic decision to lease its childcare centres. This maintains balance sheet and operational flexibility allowing G8 Education to operate a capital light model with strong cash generation and low capital expenditure requirements. G8 Education does not engage in the development of childcare centres and is not exposed to development risk.

G8 Education has a diversified and stable lease portfolio with average lease tenure of 19 years. The majority of the portfolio is held with individual landlords on standard contract terms.



4.7 STRATEGY

G8 Education's key strategic objective is to be a leading provider of high quality, developmental and education childcare services. It achieves this through building a portfolio of outstanding early childhood education brands, focusing on the importance of early childhood education and by making good centres great centres by delivering outstanding early childhood education management.

G8 Education focuses on four key drivers that underpin its corporate strategy:

Four Key Pillars



Quality Care and Education

G8 Education believes that continually investing in its facilities provides the tools for its educators to continue to deliver exceptional care and education for the thousands of children that attend G8 Education's childcare and education centres.

Within Australia, G8 Education continues to be assessed under the National Quality Framework. Introduced in January 2012, the framework replaced existing state-based standards, licensing and regulation. As an agreement between the Commonwealth, State and Territory Governments of Australia, it establishes a standardised national quality assessment and regulation framework for early childhood education and care. Many of G8 Education's childcare and education centres have been assessed across seven quality areas. All centres owned by G8 Education which have been assessed have received results which mean that no significant improvement is required.

One of the most demanding components of the framework has been the higher staff-to-child ratio. The first tranche of these changes occurred in 2013 with a second tranche being introduced on 1 January 2016. G8 Education has estimated that overall costs will rise to \$2.20 per child per enrolled day from \$2.00 with the actual quantum dependent upon occupancy levels across affected individual rooms/centres and differences by State from 1 January 2016.



NQF high level assessment framework summary

	Significant Improvement Required	Working Towards National Quality Standard	Meeting National Quality Standard	Exceeding National Quality Standard	Excellent
1 Educational program and practice	Service does not meet one of the seven quality areas or a section of the legislation and there is an unacceptable risk to the safety, health and wellbeing of children. Immediate action will be taken to address issues.	Service may be meeting the National Quality Standard in a range of areas, but there are one or more areas identified for improvement.	Service meets the National Quality Standard. Service provides quality education and care in all seven quality areas.	Service goes beyond the requirements of the National Quality Standard in at least four of the seven quality areas.	Service promotes exceptional education and care, demonstrates sector leadership, and is committed to continually improving. This rating can only be awarded by ACECQA. Services rated Exceeding National Quality Standard may choose to apply for this rating.
2 Children's health and safety					
3 Physical environment					
4 Staffing arrangements					
5 Relationships with children					
6 Partnerships with families and communities					
7 Leadership and service management					

Employees

G8 Education is committed to maintaining a positive workplace culture and is focused on becoming an employer of choice through offering a number of workplace benefits for over 9,700 employees.

G8 Education’s management team remains disciplined and focused on providing support for its network of front line childcare educators. Area managers and corporate support teams are charged with the day-to-day role of supporting its educators in the field to ensure they are providing the highest level of care and education for the children attending its childcare and education centres.

With a continued focus on providing the highest level of employee workplace satisfaction and engagement, staff turnover has declined over the last five years.

Community

G8 Education now operates under 22 brands in Australia and Singapore. No two centres are the same and are a collaboration of children, parents and educators who attend the centre.

All centres continue to be an integral part of their local community offering support to the families, charities and community events.



4.8 ACQUISITIONS

History

G8 Education has established a successful track record of acquiring and integrating centres. Its strategy is to acquire profitable centres in premium locations and integrate them into the corporate model. G8 Education focuses on a number of key operational metrics to drive performance. Efficiencies include achieving cost synergies in back-office management and leveraging the education curriculum.

Acquisition Criteria

G8 Education has a comprehensive methodology to identify childcare centres which may be suitable for its portfolio. G8 Education applies strict selection criteria and the current portfolio has been structured in geographical clusters that enable cost efficient regional management practices. G8 Education assesses each centre based on the sustainability of the EBIT which is a function of the location, daily fees, occupancy, centre physical structure and lease tenure.

G8 Education focuses on identifying childcare centre brands within socio-economic areas which have the potential to increase placements and which are able to be acquired on terms based on a multiple of centre EBIT as determined by G8 Education.

Management is attracted to centres with the following characteristics:

- A catchment area supported by a large population with limited external competition; and
 - close to existing G8 Education centres to leverage operational efficiencies from local managers and pricing structures
 - EBIT sustainability driven by licensed places and historical occupancy, reasonable lease terms and growing fees.



4.9 DIRECTORS AND SENIOR MANAGEMENT

The Directors and Senior Management of G8 Education are set out below:

Jennifer Hutson B.Com, LLB, FAIM – Chairperson



Jenny Hutson is an investment banker and fund manager and has been the Chairperson of G8 Education for over five years. She is an experienced corporate adviser and company director. She has over 20 years experience in advising listed companies on capital raisings, mergers and acquisitions, finance and corporate governance issues. She was previously chairperson of S8, Harvey World Travel and Travelscene American Express and a director of the Royal Children's Hospital Foundation and the centenary committee for Surf Life Saving Australia.

Christopher Scott B.Econ (Hons) – Managing Director



Chris Scott has over 25 years experience in senior management positions including seven years in the childcare and education sector. He graduated with first class honors in Economics. He was awarded the DM Myers University Medal. He has spent over 30 years in business in Singapore where he was involved in a number of successful businesses. Chris was also the founder and managing director of ASX listed S8 which was an integrated travel company that made 36 acquisitions over five years and reached a market capitalisation of \$700 million. His operational analytical and strategic skills are critical to the operation of G8 Education.

Brian Bailison B.Com., B.Acc (Cum Laude), ACA – Non-Executive Director



Brian Bailison has over 20 years' experience in finance, corporate finance and operations from senior roles in listed and unlisted businesses in South Africa and Australia, including senior positions at Rand Merchant Bank Limited (South Africa's largest bank-assurance business), the Ivany Investment Group (diversified investment Group) and Payce Consolidated Limited which operated 59 childcare centres prior to them being acquired by G8 Education.

Susan Forrester BA, LLB (Hons), EMBA, FAICD – Non-Executive Director



Susan Forrester is an experienced company director with a diverse portfolio career. She has a significant blend of commercial, financial and legal management experience gained across public and private organisations. She is currently a director of UnitingCare Qld, Healthdirect Australia Limited and is the chairperson of Oncore Group Holdings, Propell National Valuers and National Veterinary Care Ltd. She also leads the strategy practice of Board Matters Pty Ltd, where she provides expert advice to listed and unlisted boards on board governance, executive and strategy issues.



Matthew Reynolds BSc (Hons), LLB (Hons), MQLS - Non-Executive Director



Matthew Reynolds is currently a partner at HWL Ebsworth Lawyers and has experience in capital markets, ASX listings, private equity and mergers and acquisitions. He specialises in providing tailored legal and strategic advice in a highly regulated and technical market and has advised on a large number of complex capital market and merger and acquisition projects. His key clients are primarily in the energy and resources, technology and infrastructure sectors throughout Australia and Asia. Matthew was previously a Director of G8 Education Limited from 2011 to 2013. He holds a Bachelor of Political Science and Economics (Honours) and a Bachelor of Laws (Honours) and is a member of the Company Law Committee of the Queensland Law Society.



Jason Roberts BArt, CFA - Chief Executive Officer

Jason Roberts is Chief Executive Officer of G8 Education. Jason has significant business, financial and capital markets experience as well as valuable international experience having worked in Hong Kong, London and Singapore. He was CEO of G8 Education's Singapore business prior to his appointment as CEO in Australia. He is a CFA Charter holder and has a Bachelor of Arts (Honors).



Chris Sacre BBus, CA, SA Fin, GDipApp Fin (FINSIA) - Chief Financial Officer/Company Secretary

Chris Sacre has been involved with G8 Education since its inception as Early Learning Services Limited 8 years ago. Chris was appointed as the G8 Education's Chief Financial Officer in May 2008. He is responsible for financial management including reporting, forecasting (short term and long term growth) and centre acquisitions. Being Chartered Accountant qualified, Chris provides invaluable experience and skills from a business and financial perspective.

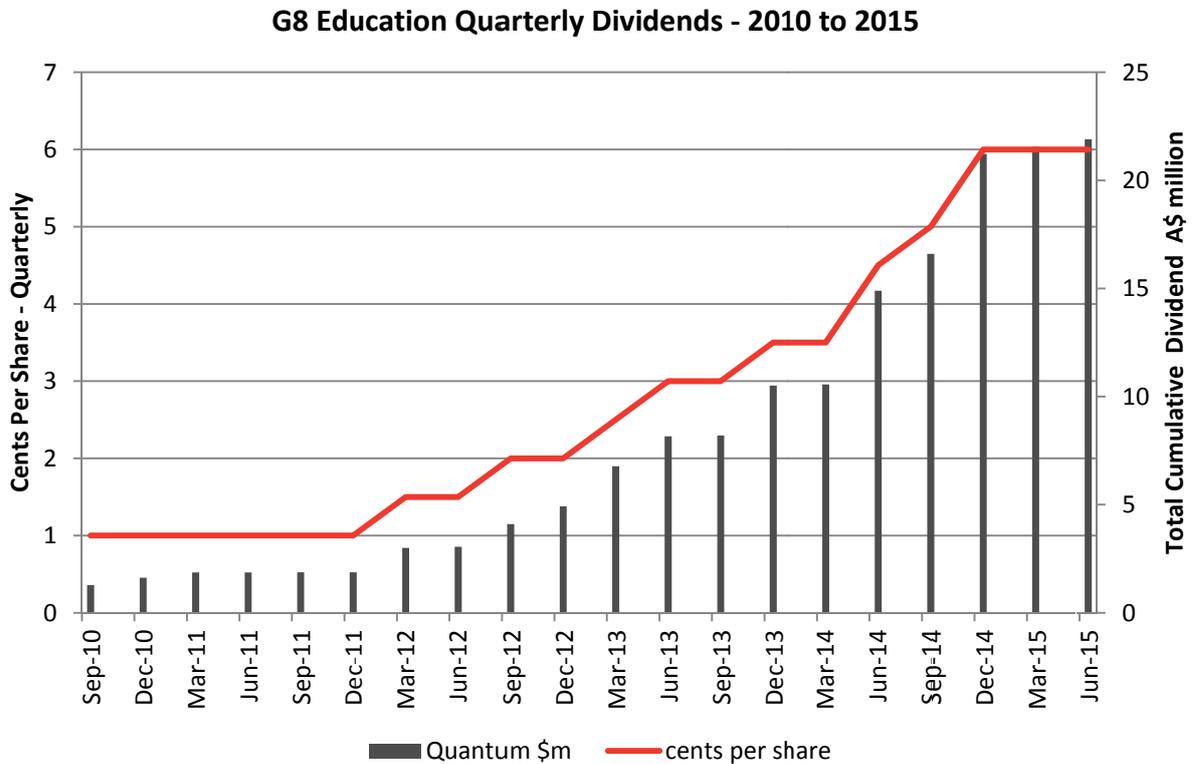


4.10 FINANCIAL PROFILE OF G8 EDUCATION

G8 Education released its full consolidated financial accounts for the financial period ending 31 December 2014 on 16 February 2015. An electronic copy of this report can be obtained from G8 Education's website <http://www.g8education.edu.au> or from ASX.

4.11 G8 EDUCATION DIVIDEND HISTORY

G8 Education has declared and paid quarterly dividends since 2010. G8 Education currently pays 6 cents per share as a quarterly fully franked dividend. G8 Education's dividend history is reflected graphically below:





4.12 G8 EDUCATION DEBT PROFILE

G8 Education varied its existing finance arrangement with Bankwest on 31 July 2015. G8 Education now has \$50 million undrawn and available for the purpose of refinancing Affinity Education's existing debt arrangements with the Commonwealth Bank of Australia.

G8 Education has raised debt through the issue of unsecured notes. The key commercial terms are summarised as follows:

DEBT ³	MATURITY DATE	COUPON
\$70 million	7 August 2019	7.65% pa (fixed)
\$50 million	3 March 2018	BBSW + 3.90 % pa (variable)
SGD \$175 million	19 May 2017	4.75% pa (fixed)
SGD \$85 million	19 May 2017	4.75% pa (fixed)
SGD \$155 million	2 August 2016	3.5% pa (fixed)

Proceeds from the placement of SGD\$155 million of unlisted unsecured notes issued on 31 July 2015 with a maturity date of 2 August 2016 will be used to fund the Cash Offer. Details of the unsecured notes issued are set out in G8 Education's ASX Announcement on 3 August 2015.

G8 Education has issued unsecured notes in both Australia and in Singapore. The Board is of the view that at the relevant maturity dates the unsecured notes issued prior to 31 July 2015 will be refinanced in the same currency as they have been issued, meaning the Australian issued unsecured notes will be refinanced in Australian dollars and the Singapore issued unsecured notes will be refinanced in Singapore dollars. The Board has consequentially determined not to hedge G8 Education's currency position as any translation adjustment for accounting purposes is a non cash item, and accordingly does not impact G8 Education's operating performance.

The funds from the issue of SGD\$155 million on 31 July 2015 have been converted into Australian dollars. G8 Education intends to hedge the funds raised in this tranche for an initial period of 4 months.

4.13 G8 EDUCATION'S SUBSTANTIAL HOLDERS

Based on material lodged with ASX as at the day before this Bidder's Statement, each of the following persons has identified itself as having a substantial holding in G8 Education:

G8 EDUCATION SHAREHOLDER	NUMBER	PERCENTAGE
UBS Group AG	31,891,193	8.67%
Greencape Capital Pty Ltd	23,107,441	6.28%
National Australia Bank Limited	22,980,087	6.25%
Challenger Limited	22,174,168	6.03%

³ The relevant terms of issue of the unsecured note are set out in the issuance documents released to the market on 3 March 2014, 5 May 2014 and 7 August 2014.



4.14 PUBLICLY AVAILABLE INFORMATION

G8 Education is a company listed on ASX (ASX:GEM) and is subject to the continuous and periodic disclosure requirements of the Listing Rules and the Corporations Act. A substantial amount of information on G8 Education is publicly available and may be accessed by referring to G8 Education on www.asx.com.au.

4.15 FURTHER INFORMATION

Further information about G8 Education can be found on G8 Education's website: www.g8education.edu.au.



5 Profile of Affinity Education

5.1 DISCLAIMER

The following information on Affinity Education has been prepared by G8 Education using publicly available information, and has not been independently verified. Accordingly, to the extent permitted by law G8 Education does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Affinity Education in this Bidder's Statement should not be considered comprehensive.

In addition, the Corporations Act requires Affinity Education to provide a Target's Statement to Affinity Education Shareholders in response to this Bidder's Statement, setting out certain material information concerning Affinity Education.

5.2 OVERVIEW

Affinity Education Group Limited (ASX: AFJ) listed on the ASX on 9 December 2013. Incorporated in May 2013, Affinity Education owns and operates 161 education and childcare centres across Queensland, New South Wales, Victoria, Western Australia and the Northern Territory.

5.3 BUSINESS OPERATIONS

Affinity Education is a for profit provider of education and childcare in Australia with 161 owned and operated centres and a daily licence capacity of approximately 12,000 children.

Affinity Education operates a tiered management structure.

At the corporate level, the business is responsible for providing centralised management of shared services, as well as operational and executive support. Responsibility for the day to day running of individual centres is delegated to each centre director and support staff, who are overseen at a regional level by area managers reporting to Affinity Education management.⁴

⁴ Affinity Education, Prospectus, 12 November 2013, page 10



5.4 LOCATIONS OF CHILDCARE AND EDUCATION CENTRES

Affinity Education has a geographically diversified portfolio of 161 owned and operated centres located across Australia, with a balance between metropolitan and non-metropolitan locations as depicted below:⁵



Centre locations have a higher weighting towards areas with household incomes which are less than \$130,000 per annum.

Affinity Education has a cluster strategy and is targeting a reweighting to Sydney and Melbourne.⁶

⁵ Affinity Education, Market Update Presentation, ASX, 7 July 2015, page 2

⁶ Affinity Education, 2014 Results Presentation, ASX, 27 February 2015, page 14

5.5 AFFINITY EDUCATION BRAND PORTFOLIO

Affinity Education operates a diversified brand strategy to leverage existing community value and mitigate risk.

The table below illustrates the centre brands in the Affinity Education Portfolio as at 27 February 2015.⁷



5.6 OCCUPANCY RATES

Affinity Education's occupancy is currently 77%, with weekly growth forecast between 0.4% and 0.6%.⁸

Affinity Education has forecast that occupancy is expected to peak in the mid to high eighties around November and December 2015.

By comparison, Affinity Education occupancy for 2014 was 80%.⁹

Affinity Education's stated occupancy plan is to:¹⁰

- Focus on attracting new families to Affinity Education centres:
 - Bespoke marketing campaigns tailored to the specific region, including community involvement;
 - Investment in staff to enhance educational programs and attract improved local support
- Focus on upselling to existing Affinity Education existing families:
 - Creating awareness of the development and socialisation benefits of children attending our programs;
 - Informing families of existing government subsidies and assisting them to maximise their usage.

⁷ Affinity Education 2014 Results Presentation, ASX, 27 February 2015, page 15

⁸ Affinity Education, Investor Update, ASX, 7 July 2015

⁹ Affinity Education, 2014 Results Presentation, ASX, 27 February 2015, page 16

¹⁰ Affinity Education, Investor Update, ASX, 7 July 2015



5.7 STRATEGY

Affinity Education's business strategy is to aim to achieve efficiencies and economies of scale in its business through the integration of both individual and multiple centres.

Affinity Education's strategy is to grow its business through:

- Organic growth including improvements in revenue levels and efficiencies gained through corporatising a large portfolio of centres; and
- A considered and disciplined acquisition strategy.¹¹

5.8 DIRECTORS AND SENIOR MANAGEMENT

Stuart James BA (Hons) – Chairman, Independent Non-Executive Director

Stuart James is an experienced executive across multiple sectors. Stuart's past roles have included Managing Director of Australian Financial Services for Colonial Group Ltd and Managing Director of Colonial State Bank. Stuart also held an executive role as Chief Executive Officer of the Mayne Group Ltd from January 2002 to November 2005.

Justin Michael Laboo BSc, LLB, MBA – Chief Executive Officer and Managing Director

Justin Laboo was an executive general manager of FKP Limited, an Australian property and investment company, between November 2006 and September 2012. Justin also held the position of Managing Director of Forest Place Group, an ASX listed company operating in the aged care sector. Justin has previously held chairman and director responsibilities on numerous private company boards.

Stephanie Daveson BA, LLB (Hons) – independent Non-Executive Director

Stephanie Daveson is a partner with national law firm Corrs Chambers Westgarth and has over two decades experience advising companies, principally on mergers and acquisitions, equity capital markets and governance. Stephanie is one of 10 partners who comprise Corrs' Executive Leadership Team and co-chairs the firm's China Country Group. Stephanie was named Best Lawyer Corporate/Governance and Best Lawyer Mergers and Acquisitions in the Best Lawyers Peer Review.

Jeffrey Forbes BComm, GAICD – Independent Non-Executive Director

Jeffrey Forbes has 35 years experience in senior financial and managerial roles with extensive mergers and acquisitions experience. Jeff was Chief Financial Officer, Company Secretary and Executive Director of Finance of Cardno Ltd from 2006 to March 2013. During this time, Jeff oversaw more than 30 acquisitions and the growth of Cardno Ltd from a company with revenues of \$180 million to \$1.2 billion. Jeff has a significant background in project development in Australasia and the Asia-Pacific region. Jeff was an executive director and chief financial officer of Highlands Pacific and has held senior financial roles with a number of major companies operating in the resources sector.

¹¹ Affinity Education, Prospectus, ASX, 12 November 2013

**Gabriel Giufre – Chief Operating Officer and Executive Director**

Gabriel Giufre as Managing Director of Eternal Echoes (non-listed childcare business), has 14 years experience in the childcare sector having been responsible for the operation of that business since 2005. Gabriel has extensive knowledge of all operational and performance requirements in delivering childcare services.

Paul Cochrane – Chief Financial Officer and Company Secretary

Paul Cochrane is the Chief Financial Officer and Company Secretary of Affinity Education. Paul has over 25 years of financial and commercial experience in listed companies, most recently as chief financial officer and company secretary at Devine Limited, a position he held since 2009. Prior to this, he worked at FKP Limited and spent seven years with Lend Lease in the role of Project Director and Commercial Operations Manager. He commenced his career with 9 years at PriceWaterhousecoopers in Brisbane, Hong Kong and London. Paul is a member of the Institute of Chartered Accountants and Institute of Company Directors.

5.9 FINANCIAL PROFILE OF AFFINITY EDUCATION

Affinity Education released its full consolidated financial accounts for the financial period ending 31 December 2014 on 27 February 2015. An electronic copy of this report can be obtained from Affinity Education's website <http://www.affinityeducation.com.au/> or from ASX.

5.10 AFFINITY EDUCATION CAPITAL STRUCTURE

- G8 Education's Offer is to acquire all of the issued Affinity Education Shares and any Affinity Education Shares issued during the Offer Period as a result of the exercise of Affinity Education Rights.
- At the date of this Bidder's Statement, there are:
 - 231,451,639 Affinity Education Shares on issue; and
 - 1,327,141 Affinity Education Rights.

5.11 AFFINITY EDUCATION RIGHTS

The Affinity Education Rights were granted to certain executive directors and senior managers on 12 May 2015 in accordance with Affinity Education's long term equity incentive plan (**Equity Incentive Plan**).

The terms of the Equity Incentive Plan were summarised in Affinity Education's 2014 notice of annual general meeting and were approved by Affinity Education Shareholders for the purposes Listing Rule 7.2 Exception 9 at the meeting on 17 April 2015.

In accordance with the Equity Incentive Plan each Affinity Education Right is subject to certain vesting conditions, performance conditions and may be subject to disposal restrictions. On satisfaction of the performance and vesting conditions each Affinity Education Right will convert into 1 Affinity Education Share.

As advised by Affinity Education on 12 May 2015 for the Affinity Education Rights issued in 2015, earnings per share growth and relative total shareholder return were selected as the appropriate benchmarks. The performance measurement period ends 31 December 2017.

The benchmarks achieved will be determined by the Affinity Education Board in early 2018 following the release of Affinity Education's financial results for the year ended 31 December 2017.



Subject to the achievement of the relevant benchmarks the Affinity Education rights will either lapse or vest (in which case the holder will be transferred or issued 1 Affinity Education Share for each vested Affinity Right for no additional consideration).

In accordance with the terms of the Equity Incentive Plan, in the event that G8 Education obtains a Relevant Interest in more than 50% of the Affinity Education Shares each Affinity Education Right will automatically convert into 1 Affinity Education Share and no disposal restrictions will apply to the shares. The Affinity Education Board also has the discretion to declare that the Affinity Education Rights are free of vesting conditions and disposal restrictions in certain other circumstances.

5.12 AFFINITY EDUCATION DIVIDEND HISTORY

No dividends were declared or paid by Affinity Education during the financial year ending 31 December 2014. Affinity Education announced on 17 April 2015 an intention to declare a maiden dividend for the financial year ending 31 December 2015.

5.13 DEBT PROFILE

Affinity Education has a \$117.5 million secured debt facility in place with the Commonwealth Bank of Australia Limited.¹² As at 30 June 2015 Affinity Education had drawn debt of \$34 million¹³.

5.14 AFFINITY EDUCATION'S SUBSTANTIAL HOLDERS

Based on material lodged with ASX as at the day before this Bidder's Statement, each of the following persons has identified itself as having a substantial holding in Affinity Education:

Affinity Education Shareholder	Number	Percentage
G8 Education	46,051,790	19.89%
Argo Investments Limited	15,512,010	6.70%
Affinity Education	12,443,305	5.38%

5.15 RESTRICTION AGREEMENTS

At the date of this Bidder's Statement Affinity Education is party to voluntary escrow arrangements with certain Affinity Education Shareholders which arrangements relate to 12,443,305 Affinity Education Shares. The holder is free to accept the Cash Offer when Affinity Education Shareholders holding no less than 50% of the bid class shares that are not subject to escrow have accepted the Cash Offer.

¹² Affinity Education Market Presentation 7 July 2015

¹³ Affinity Education improves pricing, increases the size and extends maturity of existing debt of \$34 million 15 June 2015



5.16 RECENT TRADING IN AFFINITY EDUCATION SHARES

Affinity Education Shares are quoted on the ASX. Set out below is a table showing recent trading prices of Affinity Education Shares on the ASX:

Comparative trading period of Affinity Education Shares	Price
Highest trading price in the 4 month period to the date of this Bidder's Statement was lodged with ASIC	\$1.15
Lowest trading price in the 4 month period to the date of this Bidder's Statement was lodged with ASIC	\$0.49
Closing trading price on the last trading day prior to G8 Education's announcement of its intention make the Offer, being 2 July 2015	\$0.54
Closing price of Affinity Education Shares on 29 July 2015 being the day before the date this Bidder's Statement was lodged with ASIC, being 31 July 2015	\$0.74

5.17 PUBLICLY AVAILABLE INFORMATION

Affinity Education is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Listing Rules and the Corporations Act. A substantial amount of information on Affinity Education is publicly available and may be accessed by referring to Affinity Education on www.asx.com.au.

5.18 FURTHER INFORMATION

Further information about Affinity Education can be found on Affinity Education's website: <http://www.affinityeducation.com.au/>.



6 G8 Education's intentions

6.1 LIMITATIONS AND FURTHER REVIEW

- This section sets out G8 Education's current intentions for:
 - the continuation of Affinity Education's business;
 - any major changes to be made to Affinity Education's business, including the redeployment of the fixed assets of Affinity Education; and
 - the future employment of the present employees of Affinity Education.
- G8 Education's current intentions for Affinity Education have been formed following a review of information about Affinity Education that was publicly available at the date of this Bidder's Statement. G8 Education has not had the opportunity to conduct due diligence on Affinity Education. That review of public information by G8 Education did not provide G8 Education with sufficient information necessary to finally determine its intentions for Affinity Education. As such, statements set out in this section are statements of current intention only which may change as new information becomes available or circumstances change.
- Following the close of the Cash Offer, it is G8 Education's intention to undertake a further detailed review of the operations, assets and employees of Affinity Education. The objective of the detailed review will be to:
 - evaluate the performance, prospects and strategic relevance of the Affinity Education business and childcare centres to G8 Education;
 - develop a strategy to effectively integrate Affinity Education's childcare and education centres with G8 Education's existing portfolio of childcare and education centres;
 - identify opportunities to increase occupancy at Affinity Education's childcare centres and improve wage efficiency; and
 - assess opportunities to reduce costs associated with Affinity Education's current operations by merging the head office operations of G8 Education and Affinity Education.

This review may result in G8 Education proposing changes to some of Affinity Education's existing operations.

Only upon completion of the detailed review, and in light of all material facts and circumstances will G8 Education finally determine its intentions for Affinity Education and will take the action it considers desirable to achieve optimum integration and synergies.

6.2 INTENTIONS UPON ACQUISITION OF 90 PERCENT OR MORE OF AFFINITY EDUCATION SHARES

This section sets out G8 Education's current intentions if, by virtue of acceptance of the Cash Offer and the Scrip Offer, it obtains a Relevant Interest in 90 percent or more of the Affinity Education Shares and is entitled to proceed to compulsory acquisition of the outstanding Affinity Education Shares.

**Compulsory acquisition**

If it becomes entitled to do so, G8 Education intends to give notices to compulsorily acquire any outstanding Affinity Education Shares under section 661B Corporations Act and elect to acquire Affinity Education Shares issued as a result of exercise of the Affinity Education Rights:

- after the end of the Offer Period and before the compulsory acquisition notice; and
- within six weeks after the compulsory acquisition notice is given, in each case subject to satisfaction of the relevant statutory conditions.

In certain circumstances, G8 Education may be required to buy out the holders of Affinity Education Rights. G8 Education will comply with the statutory obligation in that regard.

Amend Affinity Education constitution

G8 Education intends to amend the constitution of Affinity Education to reflect its status as a wholly-owned subsidiary of G8 Education and will seek to convert Affinity Education from a public company to a proprietary company.

ASX listing

After conclusion of the compulsory acquisition process, G8 Education intends to procure that Affinity Education be removed from the official list of ASX.

Directors

G8 Education intends to replace all members of the Affinity Education Board and of the board of any company on which Affinity Education has nominee directors (including its Subsidiaries) with G8 Education nominee directors.

G8 Education's present intention is to appoint Jennifer Hutson, Chris Scott, Brian Bailison, Susan Forrester and Matthew Reynolds to the Affinity Education Board. Profiles for each of the proposed directors are set out in section 4.9.

Operations

G8 Education does not intend to make any material changes to Affinity Education's business. G8 Education will look to:

- leverage best practices between Affinity Education and G8 Education to enhance childcare centre occupancy;
- apply G8 Education's experience in operating a large number of high quality childcare centres to increase wage efficiency within the Affinity Education business;
- use G8 Education's acquisition experience to improve integration progressing plans internally within the Affinity Education group and of the Merged Group; and
- continue to develop Affinity Education's online early learning platform and curriculum tools.

Finally, G8 Education expects that it will be able to rationalise various administrative, management and corporate functions, the IT systems and certain duplicate services.

Employees

The acquisition of Affinity Education by G8 Education will provide Affinity Education employees an opportunity to be a part of a larger Merged Group, which has a strong commitment to developing its employees and employee engagement.



With the benefit of its detailed review, G8 Education will consider the best allocation of Affinity Education employees to continuing and new roles. G8 Education expects that it should be able to retain Affinity Education's childcare and education centre employees.

G8 Education also expects that there will be overlap in administrative and corporate functions, including head office positions at Affinity Education that will have diminished responsibility. For example, certain head office positions associated with Affinity Education's financial management or its ASX listing will likely be no longer required if G8 Education acquires 100% of Affinity Education.

G8 Education would aim to identify suitable alternative roles for Affinity Education employees in business areas that are significantly adversely affected by any integration. Where this is not feasible or the employee does not wish to accept an alternative role, those individuals would receive redundancy payments and other benefits in accordance with their legal and contractual entitlements.

6.3 INTENTIONS UPON ACQUISITION OF BETWEEN 50 PERCENT AND 90 PERCENT OF AFFINITY EDUCATION SHARES

This section sets out G8 Education's current intentions if, by virtue of acceptance of the Cash Offer and the Scrip Offer, it was to gain effective control of Affinity Education but was not entitled to proceed to compulsory acquisition of the outstanding Affinity Education Shares.

Compulsory acquisition

If G8 Education does not become entitled to compulsorily acquire Affinity Education Shares under section 661B Corporations Act, it may nevertheless become entitled to exercise the general compulsory acquisition power under part 6A.2 Corporations Act in the future. G8 Education intends to exercise that power if it becomes entitled to do so. This could occur, for example, if G8 Education acquired further Affinity Education Shares in reliance on the 3% creep exception provided in item 9 of section 611 Corporations Act.

ASX listing

G8 Education intends to seek that Affinity Education be removed from the official list of ASX.

Directors

If, following the close of the Offer, G8 Education is the majority shareholder in Affinity Education, it will (subject to formal requirements of the Corporations Act and Affinity Education's constitution) seek to procure the appointment of a majority of G8 Education nominees to the Affinity Education Board so that the proportion of G8 Education nominee directors is broadly in line with G8 Education's voting power in Affinity Education. This would likely involve the removal of some of the existing directors of Affinity Education to ensure that director fees of the Affinity Education Board remain reasonable having regard to the financial capacity of the entity. G8 Education would determine which directors it would invite to resign, based on the G8 Education nominees to be appointed and having regard to maintaining an appropriate mix of skills on the Affinity Education Board. The identity of such nominee directors has not yet been determined, but nominees would likely be drawn from the existing G8 Education board of directors particularly those identified in section 4.9. Such nominees will be directed to ensure that they comply with their fiduciary duties and obligations as directors of Affinity Education.

Intentions generally (including about matters at section 6.2 above)

If, following the close of the Offer, Affinity Education becomes a controlled entity but not a wholly-owned subsidiary of G8 Education, it is the present intention of G8 Education to procure that the new Affinity Education Board implements the objectives and goals outlined in section 6.2 to the extent possible and appropriate.

**Limitations on intentions**

To the extent that Affinity Education is not a wholly owned subsidiary of G8 Education and there are minority shareholders of Affinity Education, G8 Education intends to ensure that the G8 Education nominees appointed to the board of Affinity Education will act at all times in accordance with their fiduciary duties and that all requisite shareholder approvals and other legal requirements are complied with in pursuing any of the intentions outlined above.

The requirement to have regard to those fiduciary duties in the context of a partly owned company and the possible requirements of minority shareholder approval may prevent the particular objective being achieved.

Dividends

G8 Education will review the dividend policy of Affinity Education having regard to any capital funding and ongoing operational requirements of the Affinity Education on the one hand and the appropriateness of paying dividends to Affinity Education Shareholders on the other.

6.4 INTENTIONS UPON ACQUISITION OF LESS THAN 50 PERCENT OF AFFINITY EDUCATION SHARES**Directors**

If following the close of the Cash Offer, G8 Education is the majority shareholder in Affinity Education, it will (subject to formal requirements of the Corporations Act and Affinity Education's constitution) seek to procure the appointment of a majority of G8 Education nominees to the Affinity Education Board notwithstanding that the proportion of G8 Education nominees would exceed G8 Education's voting power in Affinity Education. This would likely involve the removal of some of the existing directors of Affinity Education to ensure that director's fees of the Affinity Education Board remain reasonable having regard to the financial capacity of the entity. G8 Education would determine which director it would invite to resign, based on the G8 Education nominees to be appointed and having regard to maintaining an appropriate mix of skills on the Affinity Education Board. The identity of such nominee directors has not yet been determined, but nominees would likely be drawn from the existing G8 Education board of directors particularly those identified in section 4.9. Such nominees will be directed to ensure that they comply with their fiduciary duties and obligations as directors of Affinity Education.

There is no guarantee that G8 Education will be granted or otherwise obtain the representation on the Affinity Education Board that it seeks.

Limitations on intentions

G8 Education will endeavour to implement its intentions as it has outlined in section 6.2 to the extent to which it is able to do so, subject to the limitations identified in section 6.3.

6.5 SPECIFIC INTENTIONS – AFFINITY EDUCATION RIGHTS

G8 Education is not offering to acquire any Affinity Education Rights. G8 Education encourages holders of Affinity Education Rights to exercise their Affinity Education Rights, to the extent they are entitled to do so, and accept the Cash Offer in respect of the Affinity Education Shares issued on exercise.



6.6 INTENTIONS GENERALLY

Except for the changes and intentions set out in this section 6, G8 Education intends, based on the information presently known to it:

- to continue the business of Affinity Education;
- not to make any major changes to the business of Affinity Education or the deployment of Affinity Education assets; and
- to continue the employment of the majority of Affinity Education employees.



7 Funding

7.1 FORM OF CONSIDERATION

The consideration for the acquisition of Affinity Education Shares (excluding the Affinity Education Shares already owned by G8 Education at the date of this Bidder's Statement) to which the Cash Offer relates (including Affinity Education Shares issued upon vesting of Affinity Education Rights) will be satisfied wholly in cash.

7.2 MAXIMUM CASH CONSIDERATION

The maximum amount of cash which would be payable by G8 Education, if the Cash Offer is accepted in respect of all the Affinity Education Shares (excluding the Affinity Education Shares already owned by G8 Education at the date of this Bidder's Statement), will be \$148,319,880.

An additional amount of \$1,061,712.80 will be required in the event that all the Affinity Education Rights vest and the Affinity Education Shares issued on their exercise are accepted into the Cash Offer.

The total cash consideration payable by G8 Education as described above excludes any brokerage payable by G8 Education to Canaccord Genuity.

7.3 SOURCE OF FUNDS

G8 Education raised SGD\$155 million by way of unlisted, unsecured notes under its existing Multicurrency Debt Issuance Programme on 31 July 2015.

The funds made available to G8 Education from the issue:

- are immediately available in Australian dollars;
- are not subject to any conditions; and
- are sufficient to fund the maximum available amount of consideration payable under the Cash Offer and associated transaction costs.

7.4 DETAILS OF THE MULTICURRENCY DEBT ISSUANCE PROGRAMME

The Multicurrency Debt Issuance Programme was established on 2 May 2014. G8 Education has capacity to issue up to SGD\$500 million in either unsecured notes or perpetual securities (or a combination of both) under the Programme.

The full terms of the Programme are set out in the information memorandum released by G8 Education to the ASX on 5 May 2014.



7.5 KEY TERMS OF THE FIXED RATE NOTES – SGD\$155 MILLION

Issuer	G8 Education Limited
Guarantors	The subsidiaries of G8 Education Limited, representing no less than 90% of the consolidated total assets of G8 Education Limited and its subsidiaries at all times.
Sole Lead Manager and Bookrunner	DBS Bank Ltd.
Issue Size	SGD\$155 million
Type	Fixed Rate Notes
Form and Denomination	Bearer Form, in denominations of S\$250,000
Coupon	3.5 % per annum, payable in arrears on 30 November 2015, 31 March 2016 and 31 July 2016 (each an Interest Payment Date), calculated on an actual/365 (fixed) day count basis and subject to the following business day convention.
Issue Date	31 July 2015
Maturity Date	Shall be the same date as the third Interest Payment Date
Purpose	The net proceeds are available for the purposes of financing potential acquisitions and for general corporate purposes of the G8 Education group.
Redemption upon Change of Control	Upon the occurrence of a Change of Control Event (as defined under the Programme), the Notes will be redeemed at 101% in accordance with the Programme.
Redemption at option of G8 Education	At any time on or after 30 November 2015 and up to the Maturity Date, G8 Education Limited may, upon giving the required notice, redeem the Notes together with unpaid accrued interest, at par, in whole or in part on a <i>pro-rata</i> basis. Any partial redemption of Notes shall be subject to a minimum principal amount of SGD\$5,000,000 and in integral multiples of SGD\$1,000,000 thereafter.
Redemption upon cessation or suspension of trading in shares	Upon a cessation or suspension of trading in G8 Education Limited shares (as described in the Programme), the Notes will be redeemed at par in accordance with the Programme.
Negative Pledge and Other Covenants	The terms of the Notes include a negative pledge, financial covenants and other terms and conditions in accordance with the Programme.
Unlisted	The Notes will not be listed.



8 Taxation considerations

8.1 INTRODUCTION

The following is an outline of the principal Australian income tax consequences generally applicable to an Affinity Education Shareholder who disposes of Affinity Education Shares by accepting the Cash Offer. The comments set out below are also relevant to those Affinity Education Shareholders who do not accept the Cash Offer if G8 Education proceeds to compulsorily acquire their shares following G8 Education having a relevant interest in at least 90% of Affinity Education Shares (by number) on issue at any time during the Offer Period, and the Affinity Education Shareholder elects to take the Offer Price.

This outline reflects the current provisions of the *Income Tax Assessment Act 1936* (Cth) and the *Income Tax Assessment Act 1997* (Cth) (**Tax Acts**) and the regulations made under the Tax Acts, taking into account G8 Education's understanding of the current administrative practices of the Australian Taxation Office. The outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries other than Australia.

The following outline is not exhaustive of all possible Australian income tax considerations that could apply to particular Affinity Education Shareholders. In particular, the summary is only relevant to those Affinity Education Shareholders who hold their Affinity Education Shares as capital assets for the purposes of investment and does not address all tax considerations applicable to Affinity Education Shareholders that may be subject to special tax rules, such as banks, insurance companies, tax exempt organisations, superannuation funds, dealers in securities or Affinity Education Shareholders who acquired their Affinity Education Shares as part of an employee share scheme operated by Affinity Education. For Affinity Education Shareholders who are non-residents of Australia for tax purposes, it is assumed that the Affinity Education Shares are not held and have never been held, as an asset of a permanent establishment of that Affinity Education Shareholder in Australia.

This outline does not constitute tax advice. It is recommended that each Affinity Education Shareholder consult their own tax adviser regarding the consequences of acquiring, holding or disposing of their Affinity Education Shares in light of current tax laws and their particular circumstances.

8.2 TAXATION ON THE DISPOSAL OF AFFINITY EDUCATION SHARES

If you accept the Cash Offer, you will be treated as having disposed of your Affinity Education Shares for income tax purposes.

8.3 AUSTRALIAN RESIDENT AFFINITY EDUCATION SHAREHOLDERS

You will realise a capital gain in connection with the disposal of an Affinity Education Share to the extent that the amount you receive (or that you are entitled to receive) for the disposal of that Affinity Education Share is more than the cost base of that Affinity Education Share. You should realise a capital loss to the extent that the amount you receive (or that you are entitled to receive) for the disposal of that Affinity Education Share is less than the reduced cost base of that Affinity Education Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years.

Broadly, the cost base of an Affinity Education Share is the total of the amount you paid for the Affinity Education Share and your acquisition and disposal costs in respect of that Affinity Education Share. However, there are circumstances where this may not be the case and we recommend that you speak to your tax adviser to confirm the cost base of your Affinity Education Shares. The reduced cost base of an Affinity Education Share is usually determined in a similar, but not identical, manner.



Any net capital gain in respect of an income year would be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year would be calculated by aggregating all of your capital gains realised in respect of that income year and reducing that amount by your capital losses realised in that income year and any net capital losses from prior years that can be utilised. That amount may be further reduced by other concessions, particularly under the discount capital gains tax rules.

Affinity Education Shareholders who are individuals, trusts or complying superannuation funds may be eligible for discount capital gains treatment in respect of an Affinity Education Share if they have held that Affinity Education Share for at least 12 months (excluding the day of acquisition and the day of disposal) at the time they are taken to have disposed of their Affinity Education Share. Companies are not eligible for discount capital gains treatment.

The above comments do not apply to you if you buy and sell shares in the ordinary course of business, or if you acquired the shares for resale at a profit. In those cases, any gain will generally be taxed as ordinary income. You should seek your own advice.

Affinity Education Shareholders should seek their own advice as to the tax consequences of disposing of their Affinity Education Shares, in particular as to the availability of the discount capital gains tax concession.

8.4 NON-RESIDENT AFFINITY EDUCATION SHAREHOLDERS

If you are not a resident of Australia for tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of your Affinity Education Shares, unless both of the following requirements are satisfied:

- you hold a “non-portfolio interest” in Affinity Education; and
- the Affinity Education Shares pass the “principal asset test” at the time of the disposal.

If either element is absent, any capital gain made on the disposal of the Affinity Education Shares should not be subject to income tax in Australia.

You will hold a “non-portfolio interest” in Affinity Education if you (together with your associates) own, or owned, throughout a 12 month period during the two years preceding the sale of your Affinity Education Shares, 10% or more of (broadly) all of the shares in Affinity Education.

Broadly, the Affinity Education Shares would pass the “principal asset test” if the market value of Affinity Education’s direct and indirect interests in Australian land (including leases and mining rights) is more than the market value of its other assets at the time you accept the Cash Offer.

Detailed calculations are necessary to determine the results of the “principal asset test”.

If you hold a “non-portfolio” interest in Affinity Education, you should contact the Affinity Education to determine if the Affinity Education Shares would pass the “principal asset test”.

If you buy and sell shares in the ordinary course of business, or acquired the shares for resale at a profit, any gain could be taxed in Australia as ordinary income and not as a capital gain (subject to any relief under a double tax treaty that Australia has concluded with your country of residence). Again, you should seek your own advice.

You should seek advice from your taxation adviser as to the taxation implications of accepting the Offer in your country of residence.

8.5 STAMP DUTY

Any stamp duty payable on the transfer of Affinity Education Shares to G8 Education pursuant to the Offer will be paid by G8 Education.



9 Additional information

9.1 ASIC RELIEF

ASIC has published various class order instruments providing for modifications and exemptions that apply generally to all persons, including G8 Education, about the operation of chapter 6 Corporations Act. G8 Education may rely on this class order relief.

G8 Education has relied on the modification to section 636(3) Corporations Act in paragraph 11 of ASIC Class Order 13/521 'Takeover Bids' to include references to certain statements in documents lodged with ASIC and ASX without obtaining the consent of the persons to whom those statements are attributed.

As required by Class Order 13/521, G8 Education will make available a copy of the documents containing these statements (or relevant extracts from these documents), free of charge to Affinity Education Shareholders who request them before the end of the Offer Period. To obtain a copy of these documents (or the relevant extracts) Affinity Education Shareholders should contact Advanced Share Registry Services on 08 9389 8033 on Monday to Friday between 8.30 am and 5.00 pm.

9.2 SCRIP OFFER

On 2 July 2015, G8 Education announced its intention to make an off-market takeover bid for all of the Affinity Education Shares (other than those it holds), offering one fully paid ordinary share in G8 Education for every 4.61 Affinity Education Share.

G8 Education lodged a replacement Bidder's Statement for the Scrip Offer with ASIC on 3 August 2015. The replacement Bidder's Statement sought to reflect G8 Education's announcement of the same day waiving the defeating conditions, increasing the consideration to 1 G8 Education Share for every 4.25 Affinity Education Shares and declaring the consideration final. It is expected that the Scrip Offer will open for acceptance on 18 August 2015 and is scheduled to close on 28 September 2015 (unless extended).

Although G8 Education has declared the consideration of 1 G8 Education Share for every 4.25 Affinity Education Shares under the Scrip Offer to be final, it may be required by law to increase the ratio of G8 Education Shares to Affinity Education Shares. Section 621(3) Corporations Act operates such that the consideration offered under the Scrip Offer must equal or exceed the maximum consideration that G8 Education paid in the four month period before the Scrip Offer opens. The Scrip Offer must be valued, based on two Trading Day VWAP of G8 Education Shares over a 5 Business Day period before the Scrip Offer opens. G8 Education may be required by law to increase the ratio of G8 Education Shares to Affinity Education Shares under the Scrip Offer so that it is valued at no less than \$0.80 per Affinity Education Share during the two Trading Day valuation window. Any such variation will occur before the Scrip Offer opens for acceptance and will have no effect on the Offer Price under the Cash Offer.

You may choose to accept either the Scrip Offer or this Cash Offer.

Detailed information about the Scrip Offer is set out in the Scrip Offer Bidder's Statement.



9.3 DETAILS OF G8 EDUCATION'S RELEVANT INTERESTS IN AFFINITY EDUCATION SHARES

At the date of this Bidder's Statement, the number of Affinity Education Shares in which G8 Education had a Relevant Interest is set out below:

Class of securities	Total number in class	% of Affinity Education Shares on issue
Affinity Education Shares	46,051,790	19.89%

As at the date of this Bidder's Statement G8 Education has voting power of 19.89 percent in Affinity Education. All of the Affinity Education Shares owned by G8 Education have been purchased on-market within 4 months before the start of the Offer Period for consideration of \$0.70 cents per Affinity Education Share.

G8 Education reserves the right to purchase Affinity Education Shares outside the Cash Offer at any time during the Offer Period, subject to the Corporations Act.

9.4 G8 EDUCATION'S DIRECTORS' RELEVANT INTERESTS IN AFFINITY EDUCATION SHARES

At the date of this Bidder's Statement, the Directors of G8 Education have no relevant interest in Affinity Education Shares.

9.5 CONSENTS

This Bidder's Statement includes statements which are made in, or based on statements which are made in, documents provided by Affinity Education or announced on the company announcements platform of ASX by Affinity Education. No person who has made any of these statements has consented to the statement being included in or accompanying this Bidder's Statement in the form and context in which it is included.

- Canaccord Genuity (Australia) Limited have given and have not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as brokers to the Cash Offer in the form and context in which they are named.
- McCullough Robertson Lawyers have given and have not, before the lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to being named in this Bidder's Statement as legal advisers to G8 Education in respect of the Cash Offer and the Scrip Offer in the form and context in which they are named.
- Advanced Share Registry Services has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as registry to G8 Education in respect of the Offer in the form and context in which it is named.
- HLB Mann Judd has given and has not, before the lodgement of this Bidder's Statement with ASIC, withdrawn its written consent to being named in this Bidder's Statement as auditor for G8 Education in the form and context in which it is included.
- Each of Canaccord Genuity, McCullough Robertson, Advanced Share Registry Services and HLB Mann Judd:
 - does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based other than, in the case of a person



referred to above as having given their consent to the inclusion of a statement, a statement included in this Bidder's Statement with the consent of that person; and

- o to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Bidder's Statement with the consent of that party.

9.6 FEES AND BENEFITS PAYABLE TO DIRECTORS AND ADVISERS

The Directors of G8 Education have the following relevant interests in G8 Education Shares (either held directly, held by entities controlled by them or held by entities of which they are directors at the date of this Bidder's Statement:

DIRECTOR	G8 EDUCATION SHARES	% OF G8 EDUCATION SHARES ON ISSUE
Jennifer Hutson	1,953,778	0.53%
Christopher Scott	1,000,000	0.27%
Brian Bailison	Nil	Nil
Susan Forrester	Nil	Nil
Matthew Reynolds	14,695	0.00004%

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market and comparable to other companies of similar operational complexity and market capitalisation as G8 Education. The salary levels were determined by analysing other listed public companies in the ASX 200 index to ensure that G8 Education's executive pay structure is market based. An executive's remuneration is also reviewed on promotion. There are no guaranteed base pay increases included in any executive contracts.

McCullough Robertson has acted as legal advisers to G8 Education in relation to the Offer. McCullough Robertson are entitled to receive professional fees on a normal basis.

HLB Mann Judd has provided advice in relation to the Offer. HLB Mann Judd is entitled to receive professional fees on a normal basis.

Canaccord Genuity is the broker to the Cash Offer. Canaccord Genuity is entitled to receive brokerage on a normal basis.

9.7 NO COLLATERAL BENEFIT

Except as set out in this Bidder's Statement, neither G8 Education nor any of its Associates has, during the period of four months before the date of the Cash Offer, or in the period commencing on the date of this Bidder's Statement and ending on the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an associate, to:

- accept a Cash Offer; or
- dispose of Affinity Education Shares,

which benefit was not offered to all Affinity Education Shareholders under the Cash Offer.

**9.8 NO ESCALATION AGREEMENT**

Neither G8 Education nor any of its Associates has entered into an escalation agreement that is prohibited under section 622 Corporations Act.

9.9 POWER TO WITHDRAW

G8 Education may only withdraw unaccepted Offers made under this bid if a Prescribed Event occurs during the Offer Period, but only if G8 Education's voting power in Affinity Education, at the time of the Prescribed Event is at or below 50%.

G8 Education may also immediately withdraw unaccepted Offers made under this bid upon the occurrence of an Insolvency Event (regardless of the level of G8 Education's voting power in Affinity Education) at the time that Insolvency Event occurs.

9.10 EFFECT OF WITHDRAWAL

The Cash Offer is incapable of acceptance if withdrawn.

9.11 EXTENSION OF OFFER PERIOD

G8 Education may vary this Cash Offer by extending the Offer Period, in accordance with section 649C Corporations Act.

9.12 VARIATION

G8 Education reserves the right to vary this Cash Offer in accordance with the provisions of section 649A Corporations Act.

9.13 COSTS AND EXPENSES

All costs and expenses of the preparation and circulation of this Bidder's Statement and the Cash Offer and all transfer duty payable on the transfer of your Affinity Education Shares will be paid by the Bidder.

9.14 OTHER MATERIAL INFORMATION

Except as set out elsewhere in this Bidder's Statement, there is no other information that is:

- material to the making of a decision by an Affinity Education Shareholder whether or not to accept the Cash Offer; and
- known to G8 Education,

and has not previously been disclosed to the Affinity Education Shareholders.



10 Approval of Bidder's Statement

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the Directors of G8 Education on 3 August 2015.

Signed by Jennifer Hutson, Chairperson of G8 Education, under section 351 Corporations Act.

A handwritten signature in blue ink that reads "Jennifer Hutson." The signature is written in a cursive style and is enclosed in a light blue rectangular box.

Jennifer Hutson
Chairperson
G8 Education Limited ACN 123 828 553



11 Definitions and interpretation

11.1 DEFINITIONS

The following defined terms are used throughout this Bidder's Statement unless the contrary intention appears or the context requires otherwise:

Term	Definition
ACCC	means Australian Competition and Consumer Commission.
Affinity Education	means the target company, Affinity Education Group Limited ACN 163 864 195.
Affinity Education Board	means the board of directors of Affinity Education.
Affinity Education Group	means Affinity Education and each of its Subsidiaries.
Affinity Education Rights	means the 1,327,141 performance rights in Affinity Education on issue.
Affinity Education Shares	means fully paid ordinary shares in the capital of Affinity Education.
Affinity Education Shareholders	means holders of Affinity Education Shares.
Announcement Date	means 3 August 2015, being the date of the Takeover Announcement.
ASIC	means Australian Securities and Investments Commission.
Associates	has the meaning given to that term by section 12 of the Corporations Act as if section 12(1) of the Corporations Act included a reference to this document.
ASX	means ASX Limited, operating the Australian Securities Exchange.
ASX Settlement Rules	means the settlement and operating rules of the ASX in force from time to time.
AUD\$ or \$	means Australian dollars.
Bidder's Statement	means this document, being the bidder's statement of G8 Education under Part 6.5 Division 2 Corporations Act relating to the Cash Offer.
Board	means the board of directors of G8 Education.
Broker	means a member organisation admitted to participate in the CHESS under the ASX Settlement Rules.
Business Day	means a day on which banks are open for general banking business in Sydney (not being a Saturday, Sunday or public holiday in that place).
Canaccord Genuity	means Canaccord Genuity (Australia) Limited ACN 075 071 466.
CHESS	means Clearing House Electronic Subregister System, which



Term	Definition
	provides for the electronic transfer for securities in Australia.
CHES Holding	means a holding of Affinity Education Shares on the CHES subregister of Affinity Education.
Controlling Participant	has the meaning given to that term by the ASX Settlement Rules.
Corporations Act	means the <i>Corporations Act 2001</i> (Cwlth).
G8 Education	means G8 Education Limited ACN 123 828 553.
G8 Education Group	means G8 Education and its Subsidiaries.
G8 Education Share	means a fully paid ordinary share in the capital of G8 Education.
Insolvency Event	means any of the events described in section 652C(2) Corporations Act.
Issuer Sponsored Holding	means a holding of Affinity Education Shares on Affinity Education's issuer sponsored subregister.
Merged Group	means G8 Education and each of its Subsidiaries (including the Affinity Education Group) which will exist should G8 Education acquire control of Affinity Education.
Offer	means the offer to acquire Affinity Education Shares which will be made on-market by Canaccord Genuity on behalf of G8 Education as described in this Bidder's Statement (and for the avoidance of doubt includes each such offer made to an individual Affinity Education Shareholder pursuant to that offer).
Offer Period	means the period commencing on 18 August 2015 and ending on 28 September 2015, or such later date to which the Cash Offer has been extended.
Offer Price	means \$0.80 per Affinity Education Share.
Participant	has the meaning given to that term by the ASX Settlement Rules.
Prescribed Event	means any of the events in section 652C(1) Corporations Act.
Related Bodies Corporate	has the meaning given to that term in the Corporations Act.
Relevant Interest	means the meaning given to that term by Corporations Act.
Scrip Offer	means the off-market bid made by G8 Education for all of the Affinity Education Shares for consideration of one fully paid ordinary share in G8 Education for every 4.25 Affinity Education Shares.
SGD\$	means Singapore dollars.
Subsidiary	has the meaning given in the Corporations Act.
Takeover Announcement	means the announcement of Cash Offer made by Canaccord Genuity on 3 August 2015, a copy of which is set out in Appendix 1.
Trading Day	has the meaning given in the ASX Listing Rules.
T+3 Basis	means that settlement occurs on the third Trading Day after the date of the transaction in accordance with ASX Settlement Rules.



11.2 INTERPRETATION

In this Bidder's Statement, unless the context otherwise requires:

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- A reference to time is a reference to Sydney time.
- Headings are for convenience only and do not affect interpretation.
- The singular includes the plural and conversely.
- A reference to a section is to a section of this Bidder's Statement.
- A gender includes all genders.
- Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated.
- A reference to a person includes a body corporate, an unincorporated body or other entity and conversely.
- A reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns.
- A reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it.
- A reference to any instrument or document includes any variation or replacement of it.
- A term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Rules, as the case may be.
- A reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually.



Schedule 1 Announcement

ASX Announcement

G8 Education Limited
(ASX:GEM)

CANACCORD Genuity

3 August 2015

Company Announcements Platform
ASX Limited
20 Bridge Street
Sydney NSW 2000

For immediate release to the market

Unconditional on-market takeover offer by G8 Education Limited for all of the ordinary shares in Affinity Education Limited at \$0.80 cash per share

Canaccord Genuity (Australia) Limited (**Canaccord Genuity**) will on behalf of, G8 Education Limited ACN 123 828 553 (**G8 Education**) (ASX:GEM) pursuant to section 635 *Corporations Act 2001* (Ch) (**Corporations Act**), offer to acquire on-market all fully paid ordinary shares in Affinity Education Group Limited ACN 163 864 195 (**Affinity Education**) (ASX:AFJ) which are listed for quotation on the official list of the Australian Securities Exchange (**ASX**) that exist or will exist at any time during the Offer Period (as defined below) and are not already owned by G8 Education (**Affinity Education Shares**) for \$0.80 cash per Affinity Education Share (**Offer Price**) (**Offer**).

Canaccord Genuity (on behalf of G8 Education) will buy Affinity Education Shares on-market from the date and time of this announcement (before the Offer is open) until close of trading on ASX on 28 September 2015 (unless the Offer is withdrawn or extended in accordance with the Corporations Act), at the Offer Price. Up to a maximum of 185,399,849 Affinity Education Shares (being all of the Affinity Education Shares not already owned by G8 Education) plus any additional Affinity Education Shares which are issued during the relevant period may be purchased.

Terms of the Offer

The Offer is an on-market bid and therefore, unconditional with payment of cash in consideration. The key features of the Offer are:

- it is on-market, unconditional offer of \$0.80 cash per Affinity Education Share;
- Canaccord Genuity will purchase Affinity Education Shares offered to it on market from today, at the Offer Price until the conclusion of the Offer Period; and
- the Offer Period may be extended and the Offer Price may be increased in accordance with the Corporations Act.

Broker

G8 Education has appointed Canaccord Genuity as its agent for the purchase of the Affinity Education Shares on-market.

Offer period

Canaccord Genuity will stand in the market on behalf of G8 Education and accept Affinity Education Shares offered to it at the Offer Price. The Offer will officially be made during the period commencing on 18 August 2015 (being the first trading day after the end of the 14 days after the date of this announcement) and ending on 28 September 2015 (**Offer Period**), unless extended by G8 Education under the Corporations Act, however, Canaccord Genuity will buy Affinity Education Shares from the date and time of this announcement (before the Offer opens).



ASX Announcement

CANACCORD | Genuity

G8 Education Limited
(ASX:GEM)

G8 Education reserves the right to withdraw unaccepted Offers in the limited circumstances permitted by, and in accordance with Part 6.7 of the Corporations Act, at any time before the end of the period in which the Offer remains open for acceptance.

Acceptance

As the Offer will be on an on-market offer, accepting shareholders may only accept the Offer on-market through brokers which are members of the ASX.

Variation of the Offer

G8 Education may extend the Offer Period in accordance with the Corporations Act. The Offer Price has been declared final and will not be increased during the Offer Period.

Payment of consideration for Affinity Education Shares

The usual rules for settlement of transactions which occur on-market with ASX will apply in respect of acceptance of the Offer and purchase of Affinity Education Shares. This means that if a holder of Affinity Education Shares accepts the Offer, they will receive the \$0.80 cash consideration for each Affinity Education Share on a T+3 basis (being the third trading day after the date of the transaction) in accordance with ASX Settlement Operating Rules.

Any brokerage charged by the brokers acting for Affinity Education shareholders selling their Affinity Education Shares will be the sole responsibility of those Affinity Education shareholders.

Bidder's statement

In accordance with section 635 Corporations Act, a bidder's statement will be served on Affinity Education and lodged with each of the ASX and the Australian Securities and Investments Commission today. A copy of the bidder's statement will also be sent to Affinity Education Shareholders before commencement of the Offer Period.

Affinity Education Shares

The Affinity Education Shares subject of the Offer are fully paid ordinary shares in the capital of Affinity Education, which are issued on the date of the bidder's Statement and any other Affinity Education Shares that are issued before the end of the Offer Period.

Immediately before making this announcement:

- G8 Education is aware that there are currently 231,451,639 Affinity Education Shares on issue, all of which are quoted on ASX; and
- G8 Education has a relevant interest in 46,051,790 Affinity Education Shares, which represent approximately 19.89% of the current issued capital of Affinity Education.

ENDS



Corporate Directory

Company

G8 Education Limited ACN 123 828 553
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+61 7 5581 5300
www.g8education.edu.au

Directors

Jennifer Hutson – Chairperson
Christopher Scott – Managing Director
Brian Bailison – Non-Executive Director
Susan Forrester – Non-Executive Director
Matthew Reynolds – Non-Executive Director

Stockbroker

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