



Australian Government

Takeovers Panel

MEDIA RELEASE

No: TP15/42

Thursday, 27 August 2015

Affinity Education Group Limited – Panel Receives Application

The Panel has received an application from Affinity Education Group Limited in relation to its affairs. Affinity is the subject of concurrent on-market and off-market takeovers by G8 Education Limited.

Details of the application, as submitted by the applicant, are below.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

Details

On 2 July 2015, G8 acquired 16.41% of Affinity shares. On 3 July it acquired further shares, taking its holding in Affinity to 19.89%.

G8 has announced two separate, concurrent takeover offers for all the Affinity shares it does not own. On 3 July, it announced a proposed 1:4.61 scrip takeover and on 3 August 2015, it announced that it had revised that offer and also announced an on-market offer at 80 cents per share.

On 9 July, The JB Super Fund Pty Ltd acquired 97,500 Affinity shares (0.04%).

On 9 and 10 July, Taxonomy Pty Ltd acquired 10,500,000 Affinity shares (4.54%).

Between 17 July and 4 August, West Bridge Holdings Pty Ltd acquired 11,300,000 Affinity shares (4.88%).

On Friday 21 August, G8's scrip takeover offer opened. On Monday 24 August, G8 released a substantial holder notice indicating that it had received acceptances for 4.58% of Affinity shares on 21 August. Affinity submits that the acceptances were by JB Super and Taxonomy and that:

- JB Super is an associate of G8
- Taxonomy is an associate of G8 and

- West Bridge is an associate of G8.

Affinity submits that “*it was economically and commercially irrational to [accept the offer at that time] and Taxonomy and JB Super must have an understanding and an association with G8*” and that there are structural links to G8 by each of the 3 companies. It also submits (among other things) that its shareholders may not be able to realise the full value for their shares if a superior proposal is not able to proceed because G8 has improperly tied up more than 20% of Affinity shares.¹

It submits that the circumstances of the associations, the acceptances, and non-disclosure are unacceptable, because (among other grounds) they constitute contraventions of sections 606, 671B and 672B.

It seeks interim orders to the effect that until the Panel has concluded proceedings:

- G8 be restrained from processing any acceptances under the scrip takeover offer, including issuing consideration for the acceptances of Taxonomy and JB Super, and transferring the shares the subject of the acceptances to G8
- Taxonomy and JB Super be restrained from withdrawing their acceptances or otherwise dealing with their Affinity shares and
- West Bridge be restrained from accepting either of the G8 offers or otherwise disposing of its Affinity shares.

It seeks final orders to the effect that:

- G8, Taxonomy, JB Super and any other associates make corrective disclosures of their association and
- the Affinity shares that were held by Taxonomy and JB Super be vested in ASIC for sale.

Allan Bulman
Director, Takeovers Panel
Level 10, 63 Exhibition Street
Melbourne VIC 3000
Ph: +61 3 9655 3597
allan.bulman@takeovers.gov.au

¹ On 24 August, Affinity announced that it had entered into a heads of agreement with Anchorage Capital Partners Pty Ltd that provides that, subject to finalisation of due diligence, documentation and receipt of shareholder approvals, Anchorage will acquire all of the assets and business of Affinity for \$208.3 million and Affinity will return \$0.90 cash per share to its shareholders