

**ASHLEY SERVICES GROUP LIMITED ABN 92 094 747 510 (“the Company”)
NOTICE OF MEETING**

Notice is given that a meeting (**Shareholder Meeting**) of Holmes Management Group Pty Limited ATF The Holmes Family Trust (**Holmes Shareholder**), as the holder of 6,024,096 ordinary shares in the Company (**Holmes Shares**), will be held at Ashley Services Group Limited, Level 10, 92 Pitt Street, Sydney on Wednesday, 9 November 2016 at 12:30 PM (Sydney time).

AGENDA

1. Selective reduction of capital and cancellation of shares

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

“That, subject to the special resolution as set out in Item 4 in the Notice of 2016 Annual General Meeting being passed by shareholders of the Company, for the purposes of section 256C (2) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given by the Holmes Shareholder for the Company to make a selective capital reduction and cancel the Holmes Shares on the terms and conditions set out in the Explanatory Notes.”

Please refer to the Explanatory Notes for more information on the item of business. The Information for Shareholders and the Explanatory Notes form part of this Notice of Meeting.

By Order of the Board



Ron Hollands
Company Secretary
26 September 2016

INFORMATION FOR HOLMES SHAREHOLDER

ELIGIBILITY TO VOTE

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 that the persons eligible to vote at the Shareholder Meeting are those registered as the holders of the Holmes Shares as at **7:00 PM (Sydney time) on Monday, 7 November 2016**. As at the date of this Notice, all of the Holmes Shares are held by the Holmes Shareholder. As the Holmes Shares are not currently transferable (they are subject to a share mortgage), Holmes Management Group Pty Limited ATF The Holmes Family Trust will be the only person eligible to vote at the Shareholder Meeting.

PROXIES

The Holmes Shareholder may appoint not more than two proxies to attend and vote at the Shareholder Meeting on its behalf. A proxy need not be a shareholder of the Company, and may be either an individual or a body corporate.

Where two proxies are appointed by the Holmes Shareholder, the Holmes Shareholder may specify the proportion or number of votes which each proxy is entitled to exercise on a poll. If the appointment does not specify the proportion or number of the Holmes Shareholder's votes, each proxy may exercise one half of the votes (disregarding fractions) on a poll.

CORPORATE REPRESENTATIVES

The Holmes Shareholder or a proxy of the Holmes Shareholder may appoint an individual as its representative to exercise all or any of its powers that it could exercise at the Shareholder Meeting. The representative should bring to the meeting original documentary evidence of his or her appointment, including any authority under which the appointment is signed.

PROXY DEADLINE

A Proxy Form and, if the Proxy Form is not signed by the Holmes Shareholder, the power of attorney or other authority (if any) under which the Proxy Form is signed (or a certified copy of that power of attorney or other authority), must be received by the Company at least 48 hours before the time for holding the Meeting – that is, **by 12:30 PM (Sydney time) on Monday, 7 November 2016**.

Documents may be lodged with the Company by:

- **Email:**
to isobel.daly@ashleyservicesgroup.com.au
- **Mail:** Post documents in the accompanying reply-paid envelope to:

Ashley Services Group Limited
Level 10
92 Pitt Street
Sydney NSW 2000 Australia

Documents which are posted will be deemed to have been served on the day following the day on which they are posted.

- **Facsimile:** Proxies maybe lodged by fax on (02) 9221 6677 if you are sending from within Australia or +61 2 9221 6677 if you are sending from outside Australia.
- **Hand:** Deliver documents to:
Ashley Services Group Limited
Level 10
92 Pitt Street
Sydney NSW 2000 Australia

EXPLANATORY NOTES

These Explanatory Notes have been prepared in connection with the item of business to be transacted at the Shareholder Meeting. The Directors recommend that the Holmes Shareholder read these Explanatory Notes in full before making any decision in relation to the item of business in question.

ITEM 1 – SELECTIVE REDUCTION OF CAPITAL AND CANCELLATION OF SHARES

Background

In June 2014, the Company entered into a Unit Sale and Purchase Agreement (**USPA**) with the Holmes Shareholder and others for the purchase of the Integracom telecommunications training business. As part of the consideration paid by the Company, the Holmes Shares were issued to the Holmes Shareholder.

The Holmes Shares were held in voluntary escrow as part of the Company's listing arrangements, but were released on 21 August 2016 following the end of the two-year voluntary escrow period. The Holmes Shares remain subject to a share mortgage that secures the performance of the obligations of the Holmes Shareholder under the USPA.

On 22 August 2016, the Company announced that it had served legal proceedings filed in the Supreme Court of New South Wales against the Holmes Shareholder claiming damages for alleged breaches of warranties in the USPA.

On 20 September 2016, the Company announced that it had settled the dispute with the Holmes Shareholder. As part of this settlement, the Holmes Shareholder has agreed to forfeit its interest in the Holmes Shares as a return of part of the purchase price.

Proposed reduction of capital and cancellation

To effect the forfeiture of the Holmes Shares by the Holmes Shareholder, the Company proposes to effect a selective capital reduction that results in the cancellation of the Holmes Shares for nil financial consideration (**Proposed Cancellation**).

Corporations Act requirements

Under sections 256B and 256C of the *Corporations Act 2001* (Cth) (**Corporations Act**), the Company can effect a selective capital reduction and cancellation of shares if it meets four key requirements. Each requirement is set out below, together with a description of how that requirement will be met in relation to the Proposed Cancellation.

a) The Proposed Cancellation must be fair and reasonable to the Company's shareholders as a whole

The Directors believe that the Proposed Cancellation will be fair and reasonable to shareholders as a whole. It involves nil financial consideration and will result in an increase to the voting power of shareholders (other than the Holmes Shareholder).

b) The Proposed Cancellation must not materially prejudice the Company's ability to pay its creditors.

The Directors are satisfied that the Proposed Cancellation will not materially prejudice the Company's ability to pay its creditors, noting again that it involves nil financial consideration.

c) The Proposed Cancellation must be approved by shareholders

As the Proposed Cancellation is a selective capital reduction, it will need to be approved by a special resolution passed by shareholders of the Company. This is the subject of the special resolution proposed in Item 4 of the Notice of 2016 Annual General Meeting, which has been sent to all shareholders at the same time as this Notice of Meeting. In accordance with the Corporations Act, a copy of the Notice of Annual General Meeting has been lodged with the Australian Securities and Investment Commission (**ASIC**).

d) The Proposed Cancellation must be approved by shareholders whose shares are to be cancelled

As shares in the Company are proposed to be cancelled, the Corporations Act also requires the Proposed Cancellation to be approved by a special resolution passed by shareholders whose shares are to be cancelled (in this case, the Holmes Shareholder).

This requirement is the reason the approval of the Holmes Shareholder is being sought at the Shareholder Meeting. This Notice of Meeting has also been lodged with ASIC in accordance with the Corporations Act.

Effect of the Proposed Cancellation on the Company's capital structure

The effect of the Proposed Cancellation is that the share capital of the Company, currently consisting of 150,000,000 ordinary shares, will be reduced by 6,024,096 ordinary shares to 143,975,904 ordinary shares.

Therefore, if the Proposed Cancellation proceeds, it will increase the voting power of shareholders (other than the Holmes Shareholder).

Timetable

The Corporations Act requires that the Proposed Cancellation not be effected until 14 days after the Company lodges with ASIC the required notifications that the special resolutions regarding the Proposed Cancellation have been passed.

Assuming that the special resolutions are passed on 9 November 2016, the Company proposes to lodge copies of the resolutions on that date and to effect the Proposed Cancellation on 24 November 2016.

Directors' Interests

The number of ordinary shares in which each director has an interest as at the date of this Notice of Meeting is set out below.

Ian Pratt	15,060
Ross Shrimpton	89,070,401*
Marc Shrimpton	1,917,423

* This number includes the Holmes Shares, in which Ross Shrimpton has an indirect interest as trustee of the Integracom Holdings Security Trust, which holds a share mortgage over the Holmes Shares. This mortgage will be discharged to allow the Proposed Cancellation to take effect.

No other material information

Other than as set out in this Notice of Meeting, and other than information previously disclosed by the Company to shareholders, there is no other information that is known to the Company and the Directors that may reasonably be expected to be material to the making of a decision

by the Holmes Shareholder whether or not to vote in favour of the Proposed Cancellation.

Directors' recommendation:

The Directors unanimously recommend that the Holmes Shareholder vote in favour of Item 1.

Proxy Form for Holmes Shareholder

Holmes Shareholder
 XXXXXXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXXXXXX
 XXXXXXXXXXXXXXXXXXXX

1. **I / We (please print):** Name _____
 Address _____
 _____ Security Holder Reference Number (if known) _____

2. Appointment of Proxy

I / We being the Holmes Shareholder of Ashley Services Group Limited hereby appoint

The Chairman of the Meeting
 (mark with an "x") or

(Write here the name of the person you are appointing if this person/s is someone other than the chairman of the meeting)

or failing the person/s named, or if no person/s is named, the Chairman of the meeting, as my/our proxy and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Shareholder Meeting of Ashley Services Group Limited to be held at the offices of the company at Level 10, 92 Pitt Street Sydney NSW 2000 at **12:30 PM on Wednesday 9 November 2016** and at any adjournment of that meeting.

3. Votes on Resolution directions to your proxy – please mark with a cross to indicate your directions. NOTE: If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain
Item 1	Reduction of capital and cancellation of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE NOTE: Undirected proxies received by the Chairman of the meeting will be voted in favour of the item of business.

4. Appointment of a Second Proxy I/We wish to appoint a second proxy

State the percentage of your voting rights

Or the number of shares for this Proxy

Form

Mark with an "x" if you wish to appoint a second proxy

and

or

5. Authorised Signature/s

This section must be signed in accordance with the instructions provided to enable your directions to be implemented.

Individual or Security Holder	Security Holder 2	Security Holder 3
<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>

Individual/Sole Director and
 Sole
 Company Secretary

Director

Director/Company Secretary

 Contact Name

 Contact daytime telephone

 Email

 Date

Completed proxy forms must be received by the Company no later than **12:30 PM on Monday, 7 November 2016** to be valid. You may return the form by:

- **Email**
 to isobel.daly@ashleyservicesgroup.com.au

- **Mail:** Post documents in the accompanying reply-paid envelope to:

Ashley Services Group Limited
Level 10
92 Pitt Street
Sydney NSW 2000 Australia

Documents which are posted will be deemed to have been served on the day following the day on which they are posted.

- **Facsimile:** Proxies maybe lodged by fax on (02) 9221 6677 if you are sending from within Australia or +61 2 9221 6677 if you are sending from outside Australia.
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Sydney NSW 2000 Australia

How to Complete this Proxy Form

(a) Your Name and Address

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

(b) Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in section A. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting, please write the name of the person in Section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

(c) Votes on Items of Business

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

(d) Appointment of Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company or you may copy this form.

To appoint a second proxy, you must:

- A. On each of the first Proxy Form and the second Proxy Form state that percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, your proxy appointments will be invalid. Fractions of votes will be disregarded.
- B. Return both forms together.

(e) Signing instructions

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

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, either security holder may sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given above (via mail or email) by not later than 48 hours before commencement of the meeting ie **12:30 PM Monday, 7 November 2016**. Any Proxy Form received after that time will not be valid for the scheduled meeting.