NOTICE OF EXTRAORDINARY GENERAL MEETING 2018

Notice is hereby given that the Extraordinary General Meeting of Aspen Group Limited ACN 004 160 927 (the "**Company**") and Aspen Property Trust ARSN 104 807 767 (the "**Trust**") (together "**Aspen Group**") will be held at Hall & Wilcox Level 9, 60 Castlereagh Street, Sydney 2000 at 2:00pm on Friday, 14 December 2018.

A proxy form is enclosed

The Independent Expert has concluded the MHC Appointment is not fair but is reasonable to the non-associated Securityholders.

Please read the Notice of Meeting and Explanatory Statement carefully. If you are unable to attend the meeting, please complete and return the enclosed proxy form in accordance with the specified instructions.

MEETING DETAILS AND IMPORTANT DATES

Date of Notice of Meeting	15 November 2018
Last date and time for receipt of Proxy Forms	2:00pm (AEDT), on Wednesday, 12 December 2018
Date and time of Meeting	2:00pm (AEDT), on Friday, 14 December 2018

THIS DOCUMENT DOES NOT CONSTITUTE FINANCIAL PRODUCT ADVICE

The provision of this document is not, and should not be considered as, the provision of financial product advice. This document is not and should not be construed as a recommendation to you by any of Aspen Group Limited, the proposed new investment manager of Aspen Group, the responsible entity of the Trust, or any of their related corporations, directors, employees or agents, nor any other person. The information in this document is of a general nature and does not take into account your individual investment objectives, financial situation or particular needs. Accordingly, before making a decision as to how to vote on the resolutions, you should conduct your own investigations and analysis and seek appropriate legal, financial, tax and other advice.

FORWARD LOOKING STATEMENTS

Forward-looking statements can be identified by the use of forward-looking terminology including, without limitation, “may”, “could”, “believes”, “estimates”, “expects”, “intends” and other similar words. Such forward-looking statements are by their nature subject to significant uncertainties and contingencies and are based on a number of estimates and assumptions that are subject to change (and in many cases are outside the control of Aspen Group, the responsible entity of the Trust, the proposed new investment manager, and their respective directors) which may cause actual results or performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. There can be no assurance that actual outcomes will not materially differ from those predicted or implied by any forward-looking statements and the forward-looking statements should not be relied on as an indication of future value or for any other purpose.

Chairman's Letter

14 November 2018

Dear Securityholders

Proposed Appointment of Mill Hill Capital as investment manager of Aspen Group

On 28 August 2018, the Board announced a proposal to outsource Aspen Group's investment management function to Mill Hill Capital Pty Ltd (**MHC Appointment**). A detailed summary of the terms and conditions of the proposed investment management agreement (**Management Agreement**) are set out in the Explanatory Statement below. The MHC Appointment, if implemented, will not affect the Board of Aspen Group Limited, which will continue ultimately to oversee and control the overall direction of Aspen Group.

MHC is a real estate private equity group established in 2004 that is owned by John Carter (a non-executive of Aspen Group) and David Dixon. Over its 14-year history, MHC has been an integrated owner, operator and developer of real estate. In recent years, it has focused on affordable accommodation in the residential, retirement and short stay (tourism, worker) sectors.

MHC currently holds 23% of the securities in Aspen Group and therefore its interests are strongly aligned with Aspen Group.

An Independent Board Committee (**IBC**) comprising Mr Clive Appleton (Chairman) and Mr Guy Farrands (non-executive director) has negotiated the terms of the proposed MHC Appointment.

Advantages of the MHC Appointment

The IBC believes the MHC Appointment, if implemented, would result in:

- **Improved management.** MHC was established in 2004 and operates in the same industry as Aspen Group as an integrated owner, operator and developer of affordable residential, retirement and short stay (tourism and worker) accommodation. Mr John Carter and Mr David Dixon each have over 30 years of experience in finance and real estate in senior executive roles at leading firms. MHC holds an Australian financial services licence (AFSL No. 282335). MHC currently operates over $100 million of real estate assets across four funds that are owned by over 100 individual sophisticated / wholesale / high net worth investors.
- **Alignment of interests.** The interests of MHC and Securityholders are aligned through MHC's 23% stake in Aspen Group.
- **Potential overhead costs savings.** Following implementation of the MHC Appointment, Aspen Group's normalised cost structure is expected to fall from $5.89 million in FY 2019 to approximately $4.70 million on a pro forma basis. These costs exclude potential Long Term Incentive Scheme payments to management under existing arrangements and potential performance fees.
- **Prospects of improved Portfolio performance**. The IBC believes that MHC may extract improved performance from operating, developing and repositioning Aspen Group's real estate portfolio.
- **Prospects of improved stock price performance**. Prior to announcing the MHC Appointment, Aspen Group's Securities were trading on ASX at approximately 20% discount to Net Asset Value (NAV). In the IBC's opinion, the Security price has better prospects of trading closer to NAV with improved management and enhanced Portfolio performance.

In the IBC's opinion, the MHC Appointment presents acceptable cost and risk for Aspen Group because:

- **There is no change of control.** Aspen Group will continue to be overseen and controlled by the Board by virtue of the stapling deed that governs the co-operative relationship between the Company and the Trust. The Securityholders of Aspen Group will continue to control the composition of the Board.
- **Aspen Group can terminate the proposed investment management agreement** with MHC (**MHC Management Agreement**) without cause at the Board's discretion for minimal cost (up to $0.5 million of MHC's actual costs as a consequence of termination)
- **The MHC Appointment does not stand in the way of other proposals** being considered and accepted by the Board or Securityholders before or after implementation of the MHC Appointment.

Disadvantages of the MHC Appointment

- **Payments of fees to external service providers:** Aspen Group will have to pay management and performance fees to an external investment manager, MHC.
- **One-off transaction costs**: In order to implement the MHC Appointment, Aspen Group has already incurred one-off transaction costs of $80,000 for legal services and also fees for the Independent Expert.
- **Security price:** There is no certainty that implementation of the MHC Appointment will improve the Security price or financial performance of Aspen Group.
- **Improved management**: While it is anticipated that MHC as an experienced investment manager will be able to extract enhanced performance from the Portfolio at lower cost, there can be no certainty that this will eventuate.
- **Potential for increased control by MHC**: MHC is the largest Securityholder of Aspen Group, holding 23% of the Securities in Aspen Group. As stated, the Board will continue to oversee and control the overall direction of Aspen Group. However, as a result of being appointed as investment manager, there may be the potential for increased control by MHC.
- **No consideration:** Aspen Group is not receiving any consideration for entry into the Management Agreement.

Opinion of the Independent Expert

The IBC has appointed BDO Corporate Finance (East Coast) Pty Ltd as an Independent Expert to assess the MHC Appointment. After considering overall the relative advantages and disadvantages of the proposed MHC Appointment, the Independent Expert has concluded that the **MHC Appointment is not fair but is reasonable to non-associated Securityholders**.

The reason the Independent Expert has deemed the MHC Appointment as "not fair" is that the MHC Management Agreement may have some (uncertain) value, yet MHC is not paying any consideration for it. The Independent Expert notes, however, that the value of the Management Agreement “may be immaterial”.

In the opinion of the IBC, the value of the MHC Management Agreement is immaterial by virtue of:

- the relatively low level of fees (as evidenced in the material management cost savings to Aspen Group);
- the lack of contract term (the MHC Management Agreement is terminable by Aspen Group at any time by giving 6 months’ notice);
- the absence of termination fees (only cost recovery capped at $500,000); and
- the fact that MHC is not entitled to transfer the MHC Management Agreement to another party without the prior approval of the Board.

The IBC performed a comparison of the corporate overhead costs of other comparable real estate entities listed on ASX, the standard fees MHC charges for its four unlisted funds and the fees that MHC intends to charge under the MHC Management Agreement. The results of the comparison indicate that Aspen Group will pay fees that are consistent with other listed entities (adjusting for relative asset bases) and lower fees than the standard management fees MHC charges to other funds. It is also noted that there are no acquisition or disposal fees, debt financing fees or equity raising fees payable to MHC.

MHC Appointment requires Securityholder Approval

Implementation of the MHC Appointment is conditional on being approved by a majority of Securityholders at the Extraordinary General Meeting on 14 December 2018.

Consequences of the MHC Appointment not being Implemented

If the MHC Appointment is not implemented, AFML will continue as the internal investment manager of the Aspen Group.

Independent Board Committee Recommendation and Voting Intentions

The IBC recommends that Securityholders vote IN FAVOUR of on the MHC Appointment. Mr Clive Appleton and Mr Guy Farrands intend to vote IN FAVOUR of the Resolution with respect to all their Security holdings in Aspen Group.

MHC is a related party of Aspen Group and is therefore not eligible to vote on the Resolution.

Further Information

The accompanying Notice of Meeting and Explanatory Memorandum contain additional information regarding the MHC Appointment and the Independent Expert's full report and opinion in Annexure 1.

Yours sincerely,

Clive Appleton
Chairman

AGENDA

SPECIAL BUSINESS

1. Appointment of Mill Hill Capital Pty Ltd as investment manager

Resolution 1

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

"*That for the purposes of the Related Party Provisions of the Corporations Act, ASX Guidance Note 26 and all other purposes, the entry by Aspen Group into an investment management agreement with Mill Hill Capital Pty Ltd in the form or substantially in the form presented to the meeting, the terms of which are summarised in the Explanatory Statement accompanying the Notice of Meeting, be approved.*"

Voting Exclusion Statement

The Company and AFML will disregard any votes cast **in favour of** Resolution 1 by or on behalf of Mill Hill Capital Pty Ltd or its associates.

However, the Company and AFML need not disregard a vote if the vote is cast as a proxy for a person entitled to vote:

- in accordance with a direction on the proxy form; or
- by the Chairman where he has been expressly authorised to vote undirected proxies as he decides.

In accordance with section 253E of the Corporations Act, AFML and its associates are not entitled to vote their interests on Resolution 1 if they have an interest in the Resolution or matter other than as a member of the Trust.

GENERAL BUSINESS

To transact any business that may be properly brought before the meeting.

By order of the Board

Mark Licciardo
Company Secretary

RELATING TO VOTING
HOW TO VOTE

You may vote by attending the meeting in person or by proxy or a body corporate can appoint a corporate representative.

VOTING IN PERSON

To vote in person, you must attend the meeting on Friday, 14 December 2018 at 2:00pm. The meeting will commence at 2:00pm with registrations from 1:30pm.

VOTING BY PROXY

A Securityholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the Securityholder. A proxy need not be a Securityholder.

If you intend to appoint the Chairman of the meeting as your proxy, or the Chairman of the meeting becomes your proxy by default, you can direct the Chairman how to vote by either marking the boxes for Resolution 1 (for example, if you wish to vote 'for', 'against' or to 'abstain' from voting), or you can expressly authorise the Chairman to vote as he sees fit on those Resolutions by marking the Chairman's box on the proxy form. The Chairman intends to vote all available proxies in favour of the Resolution.

A Securityholder that is entitled to cast two (2) or more votes may appoint up to two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Securityholder's votes.

To be effective, proxies must be lodged by 2:00pm(AEDT) on Wednesday, 12 December 2018. Proxies lodged after this time will be invalid.

Proxies may be lodged using any of the following methods:

- by post to Aspen Group Limited C/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;
- in person to Link Market Services Limited, Level 12, 680 George Street, Sydney NSW 2000;
- by faxing a completed proxy form to +61 2 9287 0309; or
- online – www.linkmarketservices.com.au
  Select 'Investor and Employee Login' and enter the holding details as shown on the proxy form. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

The proxy form must be signed by the Securityholder or the Securityholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Securityholders can download and fill out the 'Appointment of Corporate Representation' form from the website of the securities registry of Aspen Group – www.linkmarketservices.com.au. Where the appointment of a proxy is signed by the appointer's attorney, an originally certified copy of the power of attorney, or the power itself, must be received by Aspen Group at the above address by 2:00pm(AEDT) on 12 December 2018.

VOTING ENTITLEMENTS

The Directors have determined that for the purposes of Regulation 7.11.37 of the Corporations Regulations, the persons eligible to vote at the meeting will be those persons who are registered as Securityholders at 7:00pm (AEDT) on 12 December 2018**.** Accordingly, Security transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

EXPLANATORY STATEMENT

This Explanatory Statement forms part of the Notice of Meeting and contains information about the Resolution contained in the Notice of Meeting. You should read the Notice of Meeting and this Explanatory Statement carefully, and seek your own independent advice on any issues that you are not certain about.

MHC APPOINTMENT

Since its listing, Aspen Group has established a portfolio of assets in the affordable accommodation sector. In the view of the IBC, the value of the Portfolio has not been adequately reflected in the Security price and the Securities are trading at a discount to the net asset value of Aspen Group. This is partly because the costs of managing the Portfolio may be too high compared to the benefits or revenue arising from internal management of the Trust and the Portfolio.

A strategic review has been undertaken to address these issues and as a result, the IBC proposes to change the investment manager of Aspen Group from AFML to Mill Hill Capital Pty Ltd.

While the investment manager of Aspen Group will change if the MHC Appointment is approved, the Company will remain in control of corporate governance, and MHC's day-to-day operation and management of the Portfolio will be under the ultimate direction and control of the Company.

1. Advantages of the MHC Appointment

- Fixed overheads amounting to approximately $4.6 million per annum are expected to be replaced by MHC's base and project management fee of approximately $3.2 million per annum.
- Aspen Group will pay development overheads only when they are actually incurred in the form of a project management fee to MHC.
- MHC has greater expertise and successful track record of acquiring, operating and developing affordable accommodation.
- There would be synergies and opportunities across the combined platform and portfolios managed by MHC.
- There is the potential to attract a broader range of investors who may be introduced by MHC.
- Aspen Group will have the potential benefits of flexibility or choice in determining the investment manager of its Portfolio.
- The Independent Expert has concluded that the MHC Appointment is not fair but is reasonable.

2. Disadvantages of the MHC Appointment

- Aspen Group will have to pay management and performance fees to an external investment manager, MHC.
- Aspen Group is not receiving any cash consideration for entry into the Management Agreement.
- Aspen Group incurs one-off transaction costs to implement the MHC Appointment although these costs will have been already incurred.
- There is no certainty that the MHC Appointment will improve the financial performance or the security price of Aspen Group.
- While it is anticipated that MHC as an experienced investment manager will be able to extract enhanced performance from the Portfolio at lower cost, there can be no certainty that this will eventuate.

- There may be the potential for increased control by MHC which is a major Securityholder owning 23% in Aspen Group

3. If the MHC Appointment does not proceed

Should the MHC Appointment not be approved, the following will occur:

- AFML will remain the investment manager of the Trust;
- the boards of the Company and AFML will continue to investigate ways to realise improved value for all Securityholders.

PROPOSED RESOLUTION

Resolution 1 – Approval of the MHC Appointment

MHC APPOINTMENT

Aspen Group proposes to enter into the MHC Management Agreement and to appoint MHC as the investment manager of Aspen Group. Resolution 1 seeks Securityholder approval to the MHC Appointment for the purposes of ASX Guidance Note 26 and the Related Party Provisions of the Corporations Act.

Currently, AFML is the manager of the investment Portfolio of Aspen Group and is a wholly owned subsidiary of the Company. If the MHC Appointment is not approved by Securityholders, AFML will continue to manage the investment Portfolio of Aspen Group.

If the MHC Appointment is approved at the AGM, AFML will retire as investment manager of Aspen Group and MHC will be appointed in its place.

ABOUT MILL HILL CAPITAL PTY LTD

MHC is a private real estate group established in 2004 and holds an Australian Financial Services Licence (AFSL 282335). It currently employs more than 100 people across its operating platforms and expects to employ more than 15 people in corporate and administration roles upon implementation of the MHC Appointment.

It is owned by John Carter and David Dixon. Mr Carter is a non-executive director of the Company and of AFML. MHC currently holds 23% of the securities in Aspen Group and therefore its interests are strongly aligned with Aspen Group.

MHC currently manages similar investment assets to the assets of Aspen Group and is familiar with the Portfolio. Over its 14 year history, MHC has been an integrated owner, operator and developer of real estate assets. It is an experienced investment manager in relation to affordable residential, retirement and short stay accommodation. MHC currently has approximately $100 million in funds under management with over 100 sophisticated and high-net-worth investors in the following funds:

- the Affordable Land & Accommodation Fund (**AALF**);
- the Marina Hindmarsh Island Fund (**MHIF**);
- the Hotel & Leisure Fund; and
- the Strategic Real Estate Fund.

These funds have been targeting 15%+ unlevered internal rate of returns and >2x equity invested on a post fee and pre-tax basis. MHC's two funds that have been liquidated over the past 3 years have achieved internal rate of returns of 17% and 20% (post fees and -tax).

MHC's current platform and portfolio have

- over 100 employees (corporate and property level);
- over 100 sophisticated and high net worth investors across four funds;
- over $100m in assets / projects; and
- over 1,000 affordable dwellings, rooms and land lots (built and development pipeline).

MHC'S SENIOR EXECUTIVES

John Carter

MBA (Syd), BAppSc (Property Resource Mgmt)(UniSA), AAPI, GAICD

John’s career in real estate and financial markets spans 34 years commencing at Jones Lang LaSalle in 1984 before entering real estate investment banking as Head of Real Estate Research at UBS in 1991 and then Head of Real Estate Investment Banking (**REIB**).

After successfully building UBS’s REIB team to become a market leader in Australia, John transitioned to its Head of Equities in 2001 and helped propel UBS’s Australian institutional business to the pre-eminent position it enjoys to this day. While at UBS, John led over $10 billion of M&A and $20 billion of capital raising transactions for Australia’s leading companies including Colonial, Westfield, Stockland, GPT, Mirvac, AMP, Multiplex, Macquarie Airports and Bankers Trust.

In 2004, John left UBS to establish Mill Hill Capital (formerly Edward Baillie Capital) to pursue investment opportunities in real estate, agriculture and equities and to date has successfully deployed high net-worth and institutional funds across a range of real estate investments with operational and development components.

David Dixon

B.Bus (Distinction) (Fin. & Econ.) (UTS)

David’s career in real estate and financial markets spans 30 years commencing in the funds management division of Bankers Trust in 1989. After successfully helping build its real estate franchise into Australia’s largest and most active and diversified investors at the time, David transitioned to the industry’s sell-side as Joint Head of REIB at Deutsche Bank including a dual role for three years in its broader Equity Capital Markets division, then moved to Credit Suisse as Joint Head of REIB.

Over the four years to 2014 prior to joining MHC, David led Morgan Stanley’s Australian REIB business and was also closely involved in its real estate investing activities.

David has led over $50 billion of M&A and restructuring transactions and $15 billion of capital raisings for leading companies including Westfield, Lend Lease, DEXUS, Investa, Tishman Speyer Office Fund, Bankers Trust, Fosters, ANZ Bank, ResMed and Aristocrat. He has also advised various Australian government authorities including around the proposed Australian Business Investment Partnership during the global financial crisis and Landcom NSW.

Colin McGillivray

MBA (RMIT), BBus (transp. log. mgmt.) (RMIT)

Colin has 40 years’ experience in real estate and infrastructure, particularly in logistics and the operating aspects of the business.

He started his career in 1975 in the Australian Defence Force before a successful 25-year career in logistics at the Melbourne Port Authority, K&S Corp and Vector SCM (50% owned by General Motors) as Australian head of its global supply chain.

Colin joined MHC shortly following its establishment in 2005 and leads the group’s operating and development efforts and is the fund manager of the Hotel & Leisure Fund. Colin is an elected delegate and current Board Member of the Tasmanian Hospitality Association.

Patrick Maddern

LLB, BCom (Corp. Fin.) (Adel)

Patrick is the fund manager of AALF and MHIF and has 10 years professional experience in real estate and financial markets. He joined MHC in 2013 and has been involved in all aspects of the business including property, development and funds management.

Prior to MHC, Patrick worked at Ernst & Young in its Corporate Finance division and at Ferrier Hodgson in its Restructuring division. These roles involved advising on infrastructure transactions, M&A and major syndicated and non-syndicated debt raisings.

MHC'S STRATEGY IN RELATION TO ASPEN GROUP

If MHC is appointed as investment manager of Aspen Group, MHC will continue to pursue Aspen Group's strategy of growing the Portfolio of properties that generate attractive free cash-flow yields (after corporate overheads and stay in business capital expenditure) and that can be profitably developed over time.

The Portfolio currently has a diversified mix of land lease community, tourist, worker and mixed-use properties that appeal to a broad section of the affordable accommodation customer base. MHC believes that the Portfolio has been acquired at attractive prices and there are good opportunities to profit from improved product and service offering.

The IBC considers that MHC has the proven ability to attract sophisticated investors and capital, together with expertise and a successful track record of acquiring, operating and developing affordable accommodation.

ASX GUIDANCE NOTE 26 AND THE MHC MANAGEMENT AGREEMENT

1. ASX Guidance Note 26 Management Agreements

ASX Guidance Note 26: Management Agreements (**Guidance Note 26**) provides that entering into a management agreement affects the structure and operations of a listed entity including the role of its board of directors. By appointing the investment manager, the board is effectively devolving its ultimate responsibility for the management of the assets or business to the manager. Therefore, the board's decision to enter into a new management agreement has a potential impact on ASX's assessment as to whether the entity's structure and operations are appropriate for a listed entity under Listing Rule 12.5. In this respect, Guidance Note 26 states that ASX's view on whether a particular management agreement is appropriate for a listed entity will depend on whether or not the agreement has been approved by Securityholders with full disclosure of all material terms.

Aspen Group is seeking Securityholders approval to the MHC Appointment in which Aspen Group will enter into a new management agreement with MHC for the purposes of Guidance Note 26.

2. Material Terms of the MHC Management Agreement

In view of the requirement to disclose all material terms of a management agreement under Guidance Note 26, this section provides a summary of the material terms of the MHC Management Agreement, such that Securityholders can make an informed decision on whether to vote in favour of, or against, Resolution 1.

(a) Parties

The parties to the MHC Management Agreement are MHC, the Company and the responsible entity of the Trust.

(b) Services

MHC is responsible for providing the following services:

- **compliance and governance**: doing all things reasonably necessary to ensure that Aspen Group complies with all relevant laws and regularly reviewing all corporate governance policies and charters;
- **budgets**: preparing financial budgets and business plans for Aspen Group;
- **information systems**: maintaining adequate management information systems;
- **outsourcing**: appointing, instructing, monitoring and managing all persons engaged to provide services to Aspen Group;
- **tax and accounting**: arranging accounting and tax services including all financial accounts and tax filings;
- **treasury management**: cash management, hedging arrangements and all debt and equity raising activities;
- **leases**: negotiating leases or other agreements to be entered into by the Trust, managing due diligence and administering any leases or other agreements;
- **Portfolio maintenance**: arranging valuations of the Portfolio and managing related processes;
- **strategy**: advising or making recommendations in respect of investment, divestment, borrowing, capital management and distributions;
- **administrative and other assistance**: providing all administrative and other support in relation to Aspen Group's activities;
- **asset management services**: providing day-to-day management of the Portfolio;
- **information**: providing regular updates on transactions concerning the assets of Aspen Group;
- **transaction documents**: taking such steps as are necessary to ensure Aspen Group complies with its obligations under any transaction documents;
- **offer documents**: taking such steps as are necessary to ensure Aspen Group complies with all relevant laws in relation to any capital raising;
- **investor relations**: managing investor relations including escalating all investor complains to Aspen Group and assisting Aspen Group to respond to such complaints;
- **corporate secretarial**: providing or arranging corporate secretarial support and services;
- **registry maintenance**: liaising with third party registry providers and reviewing and monitoring the performance of such providers; and
- **website maintenance**: maintaining a website for Aspen Group and ensuring all relevant information about it is available for access.

(c) *Term and termination*

There is no fixed term and the agreement will continue until terminated by the parties. The MHC Management Agreement will terminate if:

- a party becomes insolvent; or
- a party is in default or in breach of the MHC Management Agreement or the relevant law in material respect where such default or breach remains unremedied after notice of the breach is served.

MHC can terminate the MHC Management Agreement if:

- the incumbent responsible entity of the Trust ceases to hold appropriate licences or authorisations to satisfy its obligations under the MHC Management Agreement;
- the Trust would be in breach of any relevant law if the responsible entity of the Trust continued to perform its obligations under the MHC Management Agreement;
- the incumbent responsible entity of the Trust is removed as responsible entity of the Trust; or
- MHC gives Aspen Group six month notice to terminate.

Aspen Group can terminate the MHC Management Agreement if:

- MHC fails to carry out its material obligations under the MHC Management Agreement and the failure remains unremedied after notice of the failure is served;
- MHC has been unable to perform its material obligations for more than 60 days due to a force majeure event under the MHC Management Agreement;
- there is a change to the key personnel of MHC without Aspen Group's prior written consent; or
- Aspen Group gives MHC six months' notice to terminate.

If Aspen Group terminates the MHC Management Agreement without cause (eg by giving six months' notice), it must pay MHC's actual costs incurred as a result of the termination of the MHC Management Agreement with the maximum termination payment capped at $500,000.

(d) *Exclusivity*

MHC is not engaged by Aspen Group on an exclusive basis; however, MHC must not provide management, transaction or other services to another entity listed on the ASX or any other stock exchange.

Aspen Group is able to retain other service providers if MHC is promptly notified of any service provider so appointed and of the scope of its engagement. However, Aspen Group must not retain a service provider for services MHC will provide under the MHC Management Agreement, unless MHC has failed to provide the services or the terms on which MHC has offered to provide the services are unreasonable.

(e) *Management fees and other consideration*

MHC will be entitled to the following fees:

- **base fee**: 2.25% per annum of the Total Book Equity up to the first $115 million and 1.25% per annum of the Total Book Equity in excess of $115 million;
- **project management fee**: 7% of the Total Project Costs relating to all projects and capital improvements; and
- **performance fee**: 0.5% per annum of the Total Book Equity, subject to a Total Accumulated Return hurdle rate of 8% per annum with the starting price of the stapled securities for the purpose of determining the performance fee being $1.19 per stapled security.

There are no acquisition or disposal fees, debt financing fees or equity raising fees payable to MHC.

(f) *Powers*

MHC has the power to deal on behalf of Aspen Group and to do all things and execute all documents necessary for the purpose of providing the services MHC is engaged to provide under the MHC Management Agreement.

That being said, MHC must not, without the prior consent of Aspen Group:

- enter into any agreement unless it is in accordance with the terms of the MHC Management Agreement and it contains a limitation of liability clause for the benefit of the responsible entity of the Trust;
- issue, release or publish any material information regarding Aspen Group to (prospective) investors, ASIC or ASX;
- charge or encumber in any way the assets of Aspen Group;
- perform any broking function in relation to the assets of Aspen Group;
- enter into any borrowings or any form of financial accommodation in relation to the assets of Aspen Group; or

- delegate any of its discretionary management powers unless MHC's agent is duly appointed in accordance with the MHC Management Agreement.

(g) *Discretions*

The advisory mandate for Aspen Group is non-discretionary. Aspen Group will review all significant recommendations made by MHC having regard to whether acting in accordance with MHC's recommendation:

- is inconsistent with the constitutions of the Aspen Group entities and all relevant laws; and
- otherwise involves the responsible entity of the Trust or the directors of the Company acting in a manner which is not in the best interests of Securityholders.

(h) *Management of potential conflicts*

MHC must promptly notify Aspen Group in writing of any conflicts of interest which arise between the interests of MHC and Aspen Group and how MHC proposes to manage these conflicts. MHC may provide investment services to its related entities if MHC gives prior written notice to Aspen Group of the terms of those services and obtains Aspen Group's prior written consent to the provision of those services.

(i) *Amendments*

The MHC Management Agreement may only be amended by another document executed by all the parties. In addition, any material amendments to the MHC Management Agreement must be approved by Securityholders.

(j) *Other material terms*

- If MHC identifies an investment opportunity in the affordable accommodation sector, it must offer Aspen Group the opportunity to acquire a minimum 50% of the interests in the investment asset.
- Under the MHC Management Agreement, the responsible entity of the Trust appoints the Company to review each recommendation proposed by MHC in relation to any matter other than a matter that is the subject of a standing approval or a permission which has been previously approved by Aspen Group.
- Under the MHC Management Agreement, the Company:
  - has overall responsibility for the strategic direction of Aspen Group;
  - must use its reasonable endeavours to ensure that the responsible entity of the Trust exercises its responsibilities and powers and discharges its duties in the best interests of Securityholders;
  - will monitor the performance of MHC in accordance with the MHC Management Agreement; and
  - may make any proposal to MHC in respect of matters pertaining to the strategic plan and any other aspect of the operations of Aspen Group.

RELATED PARTY TRANSACTION AND SECURITYHOLDER APPROVAL

1. Statutory framework for a related party transaction and Securityholder approval requirement

Chapter 2E of the Corporations Act and also Chapter 2E, as modified by Part 5C.7, prohibit the Company and the responsible entity of the Trust, respectively, from giving a financial benefit to a related party of the Company or the responsible entity of the Trust without Securityholder approval. As explained earlier, MHC is controlled by Mr Carter, a non-executive director of the Company and AFML, which makes MHC a related party of Aspen Group for the purposes of the Related Party Provisions.
If the MHC Appointment is approved by Securityholders and Aspen Group signs the MHC Management Agreement, MHC will gain a financial benefit in the form of various fees payable to MHC under the

MHC Management Agreement.

The Related Party Provisions also contain statutory exceptions which permit a financial benefit to be given without Securityholder approval if the financial benefit is given on terms that would be regarded as reasonable in the circumstances and the parties were dealing with each other at arm's length. Although the IBC reasonably considers the MHC Appointment to be on arm's length and on reasonable terms, the decision has been made to obtain an independent expert's report and also seek Securityholder approval for the purposes of good corporate governance.

Although it is not a strict legal requirement, the Independent Expert has also considered the MHC Appointment for the purposes of the Related Party Provisions. Upon completion of its assessment, it has concluded that the MHC Appointment is not fair but is reasonable] from the perspective of the non-associated Securityholders. The Independent Expert Report and more detailed analysis about the Independent Expert's opinion are contained in Annexure 1.

Consequently, the approval of Securityholders of Aspen Group is being sought under the Related Party Provisions, and concurrently with the approval under ASX Listing Rule 10.1.

2. Required Information under the Corporations Act and ASIC Regulatory Guide 76

Section 219 of the Corporations Act and *ASIC Regulatory Guide 76 Related party transactions* (**RG 76**) require certain information to be provided to Securityholders in the meeting materials seeking approval for a related party transaction.

This Explanatory Statement sets out the following information in connection with Resolution 1.

(a) Identity of the related party

The party receiving the financial benefit under the MHC Appointment is Mill Hill Capital Pty Ltd. MHC owns 23% of Aspen Group. Mr Carter is a non-executive director of the Company and AFML and therefore a related party of Aspen Group, as a result of which MHC is also a related party of Aspen Group.

(b) Nature of the financial benefit

Under the MHC Appointment, Aspen Group proposes to enter into the MHC Management Agreement with MHC, in which Aspen Group undertakes to pay certain fees in consideration for management services provided by MHC. These fees will constitute a financial benefit for the purposes of the Related Party Provisions. More detailed information about the fees is provided in the part of the Explanatory Statement summarizing the material terms of the MHC Management Agreement.

(c) Recommendation of each director of the Company and AFML

Messrs Clive Appleton and Guy Farrands, the independent directors comprising the IBC recommend that Securityholders approve this Resolution for the reasons set out in this Explanatory Statement.

Mr Carter abstains from making a recommendation due to his conflict of interest in the MHC Appointment.

(d) Interest of each director in the outcome of the resolution

The independent directors do not have any direct interest in this Resolution. They may have an indirect interest in the outcome of the MHC Appointment through their holding of any Securities in Aspen Group; however, this interest is completely aligned with the interests of other Stapled

Securityholders. Details of their holdings of securities in Aspen Group are:

- Mr Clive Appleton holds 79,862 Securities: and
- Mr Guy Farrands holds 150,475 Securities.

Mr Carter controls MHC which is proposed to enter into the MHC Management Agreement with Aspen Group. Therefore he has a direct interest in the Resolution and will not cast any vote on this Resolution.

(e) *All other information (that is reasonably required)*

All other information that is reasonably required to decide whether or not to vote in favour of this Resolution is disclosed in other sections of this Explanatory Statement.

INDEPENDENT EXPERT'S REPORT

In the IBC's view, an independent expert report is not strictly required for the MHC Appointment. Neither Guidance Note 26 nor the Related Party Provisions require Aspen Group to commission an independent expert report. Nevertheless, for the purposes of good corporate governance the IBC has determined to engage BDO Corporate Finance to opine on whether the MHC Appointment is fair and reasonable to non-associated Securityholders.

Upon completion of its examination and assessment, the Independent Expert has concluded that the MHC Appointment is not fair but is reasonable from the perspective of the non-associated Securityholders.

The reason the Independent Expert has deemed the MHC Appointment as "not fair" is that the MHC Management Agreement may have some (uncertain) value, yet MHC is not paying any consideration for it. The Independent Expert notes, however, that the value of the Management Agreement "may be immaterial".

In the opinion of the IBC, the value of the MHC Management Agreement is immaterial by virtue of:

- the relatively low level of fees (as evidenced in the material management cost savings to Aspen Group);
- the lack of contract term (the MHC Management Agreement is terminable by Aspen Group at any time by giving 6 months' notice);
- the absence of termination fees (only cost recovery capped at $500,000); and
- the fact that MHC is not entitled to transfer the MHC Management Agreement to another party without the prior approval of the Board.

The IBC performed a comparison of the standard fees MHC charges for its four unlisted funds and the fees that MHC intends to charge under the MHC Management Agreement. The results of the comparison indicate that Aspen Group will pay lower fees than the standard management fees MHC charges to other funds. It is also noted that there are no acquisition or disposal fees, debt financing fees or equity raising fees payable to MHC.

The Independent Expert's Report and more detailed analysis about the Independent Expert's opinion are contained in Annexure 1.

To pass this Resolution, more than 50% of the votes cast by Securityholders entitled to vote on the Resolution must be in favour of the Resolution.

The independent directors comprising the IBC unanimously recommend that Securityholders vote in favour of Resolution 1.

GLOSSARY

Capitalised terms used in this Notice of Meeting and Explanatory Statement have the following meanings.

Term	Meaning
$	Australian dollars.
AFML	Aspen Funds Management Limited ACN 104 322 278 in its capacity as the responsible entity of the Trust as at the date of this Notice of Meeting.
AFSL or AFS Licence	Australian financial services licence.
ASIC	Australian Securities and Investments Commission
Aspen Group	the Company and the Trust.
ASX	ASX Limited.
Board	the board of Directors of the Company.
Company	Aspen Group Limited (ACN 004 160 927).
Corporations Act	*Corporations Act 2001* (Cth).
Evolution Trustees	Evolution Trustees Limited ACN 611 839 519 AFSL486217.
Explanatory Statement	the explanatory statement forming part of this Notice of Meeting.
FY	financial year.
Guidance Note 26	ASX Guidance Note 26 Management Agreements.
IBC	the independent board committee comprised of the independent directors of the Company and AFML, being Clive Appleton and Guy Farrands.
Independent Expert	BDO Corporate Finance (East Coast) Pty Ltd.
Independent Expert Report	the report prepared by the Independent Expert, which is contained in Annexure 1 of this Explanatory Statement.
Listing Rules	the Listing Rules of the ASX.
Meeting	the extraordinary general meeting of Securityholders convened by the Notice of Meeting.
MHC	Mill Hill Capital Pty Ltd ACN 110 720 226, AFSL 282335.
MHC Appointment	the proposed appointment of MHC as investment manager of Aspen Group substantially on the terms of the MHC Management Agreement

MHC Management Agreement or Management Agreement	the investment management agreement to be entered into between MHC, the responsible entity of the Trust and the Company if the MHC Appointment is approved (Resolution 1), the terms of which are summarised in the Explanatory Statement.
Notice of Meeting	the notice convening the Meeting of Securityholders to be held on 14 December 2018.
Portfolio	the real estate portfolio of Aspen Group.
Related Party Provisions	the provisions in respect of a related party transaction as set out in Chapter 2E and in Chapter 2E as modified by Part 5C.7 of the Corporations Act.
Resolution	the resolution proposed to be put to Securityholders as set out in the Notice of Meeting.
Stapled Security or Security	a fully paid ordinary share in the Company and a fully paid unit in the Trust stapled and traded together in accordance with the constitutions of the Company and the Trust as amended from time to time.
Total Accumulated Return	the total annual return on Stapled Securities including distributions and changes in the price of Stapled Securities and adjusted for other corporate actions.
Total Book Equity	the total book value of the aggregate of Stapled Securities as disclosed in the most recent half-yearly accounts of Aspen Group.
Total Project Costs	the total of all costs, expenses, charges, fees and outgoings properly incurred and payable in relation to projects and capital improvements.
Trust	Aspen Property Trust (ARSN 104 807 767).

Annexure 1 Independent Expert's Report

INDEPENDENT EXPERT'S REPORT

Aspen Group Limited

In relation to the proposed outsourcing of Aspen Group's investment management function to Mill Hill Capital Pty Ltd.

1 November 2018

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
SYDNEY NSW 2000
Australia

This Financial Services Guide is issued in relation to an independent expert's report (**"Report"** or" **IER"**) prepared by BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**"BDOCF"**) at the request of the independent directors (**"Directors"**) of Aspen Group Limited (**"Aspen Group"**).

Engagement

The IER is intended to accompany the Notice of Meeting that is to be provided by the Directors to assist the to the non-associated security holders of Aspen Group **("Non-Associated Securityholders")** in determining whether to vote in favour of the outsourcing of the Investment Management function to Mill Hill Capital Pty Ltd (**"MHC"**), respectively (the **"MHC Appointment"**).

Financial Services Guide

BDOCF holds an Australian Financial Services Licence (License No: 247420) (**"Licence"**). As a result of our IER being provided to you BDOCF is required to issue to you, as a retail client, a Financial Services Guide (**"FSG"**). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services BDOCF is licensed to provide

The Licence authorises BDOCF to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

BDOCF provides financial product advice by virtue of an engagement to issue the IER in connection with the acquisition of securities by another person.

Our IER includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our IER (as a retail client) because of your connection with the matters on which our IER has been issued.

Our IER is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the IER.

General financial product advice

Our IER provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to voting on the Proposed Transaction described in the Notice of Meeting may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that BDOCF may receive

BDOCF will receive a fee based on the time spent in the preparation of the IER in the amount of approximately $40,000 (plus GST and disbursements). BDOCF will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of BDOCF or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our IER was provided.

Referrals

BDOCF does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that BDOCF is licensed to provide.

Associations and relationships

BDOCF is the licensed corporate finance arm of BDO East Coast Partnership, Chartered Accountants and Business Advisers. The directors of BDOCF may also be partners in BDO East Coast Partnership, Chartered Accountants and Business Advisers.

BDO East Coast Partnership is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

BDOCF's contact details are as set out on our letterhead.

BDOCF is unaware of any matter or circumstance that would preclude it from preparing the IER on the grounds of independence under regulatory or professional requirements. In particular, BDOCF has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and the Australian Securities and Investments Commission (**"ASIC"**).

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, BDO Corporate Finance (East Coast) Pty Ltd, Level 11, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited (**"FOS"**). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. BDOCF is a member of FOS. FOS may be contacted directly via the details set out below.
Financial Ombudsman Service Limited
GPO Box 3, Melbourne VIC 3001
Toll free: 1300 78 08 08
Email: info@fos.org.au

Tel: +61 2 9251 4100
Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 1 Margaret St
SYDNEY NSW 2000
Australia

The Independent Directors
Aspen Group Limited
Level 3, 37 Pitt Street
SYDNEY NSW 2000

1 November 2018

Dear Sirs

INDEPENDENT EXPERT'S REPORT IN RELATION TO THE PROPOSED OUTSOURCING OF ASPEN'S INVESTMENT MANAGEMENT FUNCTION TO MILL HILL CAPITAL PTY LTD

1. INTRODUCTION

Aspen Group Limited (the "**Company**") and Aspen Property Trust (the "**Trust**") (together "**Aspen Group**") is an Australian Securities Exchange ("**ASX**") listed property group strategically focused on providing affordable accommodation.

On 28 August 2018, Aspen announced a proposal to change the responsible entity ("**RE**") of the Trust from Aspen Funds Management Limited ("**AFML**") to Evolution Trustees Limited ("**Evolution Trustees**") ("**Change of RE**"), and to change the investment manager of Aspen Group from AFML to Mill Hill Capital Pty Ltd ("**MHC**") ("**MHC Appointment**") (collectively, the "**Proposed Transactions**").

MHC owns 23% of Aspen Group and is also controlled by Mr Carter, a non-executive director of the Company and AFML. As a result, MHC is a related party of Aspen Group by virtue of section 228(4) of the Corporations Act (the "**Act**") for the purposes of the Related Party Provisions.

In June 2018, Aspen Group formed an Independent Board Committee ("**IBC**"), comprised of independent directors Clive Appleton and Guy Farrands ("**Directors**"), to formulate and negotiate the Proposed Transactions.

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) ("**BDOCF**", "**we**", "**us**" or "**our**") has been engaged by the IBC to prepare an independent expert's report ("**Report**" or "**IER**") to express an opinion as to whether or not the MHC Appointment is fair and reasonable to the non-associated security holders of Aspen Group ("**Non-Associated Securityholders**").

The MHC Appointment is conditional upon the approval of Aspen Securityholders at an extraordinary general meeting ("**EGM**") to be held on 14 December 2018.

Further details of the MHC Appointment is set out in the main body of the notice of meeting that has been prepared for Aspen Securityholders by the Directors ("**Notice of Meeting**"). This Report is to accompany the Notice of Meeting required to be provided to Aspen security holders ("**Securityholders**") entitled to vote on the MHC Appointment and has been prepared to assist Non-Associated Securityholders in their considerations of whether or not to approve the MHC Appointment.

2. APPROACH

In preparing our IER, we have considered the requirements of:

- Australian Securities and Investments Commission ("**ASIC**") Regulatory Guide 76 Related party transactions ("**RG 76**");
- ASIC Regulatory Guide 111 Content of expert reports ("**RG 111**"); and

- ASIC Regulatory Guide 112 Independence of experts (“**RG 112**”).

RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist shareholders to make informed decisions about transactions.

While there is no definition of “fair and reasonable”, RG 111 provides some guidance as to how the terms should be interpreted in a range of circumstances. RG 111 states that there should be a separate assessment of fairness and reasonableness.

Fair

A proposed related party transaction is ‘fair’ if the value of the financial benefit to be provided by the entity (Aspen Group) to the related party (MHC) is equal to or less than the value of the consideration being provided to the entity.

The fairness assessment should assume a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious seller acting at arm’s length.

Reasonable

In accordance with paragraph 60 of RG111, an offer is ‘reasonable’ if it is ‘fair’. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes there are sufficient reasons to vote for the proposed transaction.

When deciding whether a proposed transaction is ‘reasonable’, factors an expert might consider include:

- the financial situation and solvency of the entity;
- opportunity costs;
- the alternative options available to the entity;
- the entity’s bargaining position;
- whether there is selective treatment of any security holder; and
- any special value of the transaction to the relayed party.

3. PURPOSE OF REPORT

There does not appear to be a statutory requirement for the Directors to commission an independent expert’s report in relation to the MHC Appointment.

Listing Rule 10.1 requires a listed entity to obtain security holder approval by ordinary resolution prior to the acquisition (or disposal) of a substantial asset from a related party or an associate of a related party. A substantial asset is any asset where the value of the consideration to be paid is 5% or more of the equity interests of the listed entity.

Whether the value of the investment management agreement to be entered into between MHC, the RE of the Trust and the Company (“**MHC Management Agreement**”) would constitute more than 5% of the equity interests of Aspen Group depends on various factors, including the future performance of Aspen Group.

Chapter 2E of the Act and also Chapter 2E, as modified by Part 5C.7, prohibits Aspen Group from giving a financial benefit to a related party without security holder approval unless the financial benefit is given on terms that would be reasonably regarded as being arm’s length.

Consequently, the IBC has decided to seek Securityholder approval regarding the MHC Appointment for the purposes of good corporate governance and has requested that BDOCF prepare an independent expert’s report stating whether, in BDOCF’s opinion, the MHC Appointment is fair and reasonable to the Non-Associated Securityholders, and the reasons for that opinion.

4. SUMMARY OF OPINIONS

We have considered the terms of the MHC Appointment, as outlined in the body of this Report, and have concluded that the MHC Appointment is not fair but is reasonable to the Non-Associated Securityholders.

A summary of our analysis in forming the above opinion is provided below.

This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

4.1. The MHC Appointment is NOT FAIR to Non-Associated Securityholders

In undertaking our assessment of fairness, we have had regard to the ASIC RG 111.

RG 111.58 indicates that where the proposed transaction consists of an asset acquisition by the entity it is 'fair' if the value of the financial benefit to be provided by the entity (Aspen Group) to the related party (MHC) is equal or less than the value of the consideration being provided to the entity.

MHC will not pay any consideration to Aspen Group to enter into the MHC Management Agreement, but will provide services for the duration of the agreement. We note that the MHC Management Agreement can be terminated by Aspen Group with six months' notice, hence the value to MHC may be limited to six months' cash flows, and therefore of minimal value to MHC.

As a result of the above MHC is receiving a financial benefit for no consideration and therefore, we conclude that the MHC Appointment is NOT FAIR to Non-Associated Securityholders.

4.2. The MHC Appointment is REASONABLE to Non-Associated Securityholders

In accordance with RG 111 an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes that there are sufficient reasons for Non-Associated Securityholders to accept the offer in the absence of a superior offer.

We have assessed the reasonableness of the MHC Appointment to Non-Associated Shareholders by considering a range of other factors in our assessment as set out in the body of the IER.

A cost analysis of Aspen Group's cost structure pre and post the implementation of the MHC Appointment (see Section 5.1 in the body of the IER) indicates an annual cost saving to Aspen Group of the MHC Appointment in the range of $273k to $853k, depending on the quantum of performance fees payable to MHC, based on budgeted Aspen Group costs for FY19.

A fee benchmarking exercise (see Section 5.2 in the body of the IER) that we have performed puts fees payable by Aspen Group per the MHC Management Agreement at the top of the range of asset management fees we have been able to observe in the Real Estate Investment Trust ("**REIT**") sector. We have discussed this finding with the Directors who attribute this to Aspen Group's business being relatively more resource intensive (primarily employment costs) than other property funds and that MHC will assume much of Aspen Group's existing cost structure in order to deliver its services to Aspen Group.

As discussed in Section 2.3 (in the body of the IER), the Directors' are of the view that MHC has greater expertise and a successful track record of acquiring, operating and developing affordable accommodation than Aspen Group's current Management and the MHC Appointment will result in meaningful cost savings. We also note that Aspen Group appears to be receiving better rates compared with the standard fees charged to other funds by MHC (see Section 5.3 in the body of the IER). MHC has waived any acquisition fees but is required by the MHC Management Agreement to offer Aspen Group 50% of any quality affordable accommodation asset investment opportunity that it identifies.

On balance, and in consideration of the above factors, our assessment is that the MHC Appointment is reasonable to Non-Associated Shareholders as it will deliver immediate cost savings to Aspen Group despite fees payable under the agreement appearing high in comparison with industry benchmarks.

5. OTHER MATTERS

5.1. Non-Associated Securityholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDOCF has not considered the effect of the MHC Appointment on the particular circumstances of individual Non-Associated Securityholders. Some individual Non-Associated Securityholders may place a different emphasis on various aspects of the MHC Appointment from that adopted in this IER. Accordingly, individual Non-Associated Securityholders may reach different conclusions as to whether or not the Proposed Transactions are in their best interests according to their individual circumstances.

The decision of an individual Shareholder in relation to the MHC Appointment may be influenced by their particular circumstances and accordingly individual Non-Associated Securityholders are advised to seek their own independent advice.

Acceptance or rejection of the MHC Appointment is a matter for individual Non-Associated Securityholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Non-Associated Securityholders should carefully consider the Notice of Meeting. Individual Non-Associated Securityholders who are in doubt as to the action they should take in relation to the MHC Appointment should consult their professional adviser.

5.2. General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the MHC Appointment. In preparing the IER we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- Particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the past, between BDO East Coast Partnership or BDOCF and any of the parties to the MHC Appointment;
- The nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- We have been appointed as independent expert for the purposes of providing an IER in relation to the MHC Appointment for the IBC;
- That we have relied on information provided by the IBC and management of Aspen Group (**"Management"**) and that we have not carried out any form of audit or independent verification of the information; and
- That we have received representations from the IBC in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

5.3. Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise our opinion, in the light of material information existing at 1 November 2018 that subsequently becomes known to us.

5.4. Glossary

Capitalised terms used in this IER have the meanings set out in the glossary. A glossary of terms used throughout this IER is set out in **Appendix 1**.

5.5. Sources of Information

Appendix 2 to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by Aspen Group.

Under the terms of our engagement, Aspen Group agreed to indemnify the partners, directors and staff (as appropriate) of BDO East Coast Partnership and BDOCF and their associated entities, against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided by Aspen Group which is false or misleading or omits any material particulars, or arising from failure to supply relevant information.

5.6. Limitations

This IER and the information contained herein may not be relied upon by anyone other than the IBC and Non-Associated Securityholders without our written consent. We accept no responsibility to any person other than the IBC and Non-Associated Securityholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER with the Notice of Meeting. Apart from this IER, we are not responsible for the contents of the Notice of Meeting or any other document associated with the Proposed Transactions. We acknowledge that this IER may be lodged with regulatory authorities.

5.7. Financial Service Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully
BDO CORPORATE FINANCE (EAST COAST) PTY LTD

Sebastian Stevens
Director

Daniel Coote
Director

TABLE OF CONTENTS

1. PURPOSE, SCOPE AND LIMITATIONS 9
1.1. Purpose 9
1.2. Scope 9
1.3. Regulatory guidance 9
1.4. General requirements in relation to the IER 10
1.5. Reliance on Information 10
1.6. Limitations 11
1.7. Current market conditions 11
1.8. Sources of information 11
1.9. Assumptions 12
2. THE MHC APPOINTMENT 13
2.1. Background 13
2.2. Overview of MHC 13
2.3. Rationale for the MHC Appointment 13
2.4. Key terms of the MHC Management Agreement 14
2.5. Industry considerations 15
3. PROFILE OF ASPEN GROUP 16
3.1. Background 16
3.2. Portfolio 17
3.2.1. Retirement Portfolio 17
3.2.2. Tourism Portfolio 18
3.2.3. Corporate Portfolio 18
3.3. Recent developments 19
3.4. Revenue mix 20
3.5. Directors 20
3.6. Portfolio profitability analysis 21
3.7. Financial Performance 22
3.8. Capital structure 24
3.9. Historical security trading analysis 25
4. ASSESSMENT OF FAIRNESS 26
4.1. Fairness assessment overview 26
4.2. Fairness assessment 26
4.3. Fairness conclusion 27
5. ASSESSMENT OF REASONABLENESS 28
5.1. Cost Analysis 29
5.2. Fee Benchmarking 31
5.3. Preferential rates 34
5.4. Reasonableness conclusion 34
5.5. Other matters 35
6. OVERALL OPINION 35
7. QUALIFICATIONS, DECLARATIONS AND CONSENTS 36
7.1. Qualifications 36
7.2. Independence 36
7.3. Disclaimer 36

1. PURPOSE, SCOPE AND LIMITATIONS

1.1. Purpose

MHC is a related party of Aspen Group by virtue of section 228(4) of the Act for the purposes of the Related Party Provisions and is also regarded as 'a person in a position to influence Aspen Group' for the purposes of Chapter 10 of the Listing Rules. MHC currently holds a 23% interest in Aspen and Mr. Carter, who is the joint Managing Director of MHC is a Non-Executive Director of Aspen Group.

Listing Rule 10.1 requires a listed entity to obtain security holder approval by ordinary resolution prior to the acquisition (or disposal) of a substantial asset from a related party or an associate of a related party. A substantial asset is any asset where the value of the consideration to be paid is 5% or more of the equity interests of the listed entity.

Whether the value of the MHC Management Agreement would constitute more than 5% of the equity interests of Aspen Group depends on various factors, including the future performance of Aspen Group.

Chapter 2E of the Act and also Chapter 2E, as modified by Part 5C.7, prohibits Aspen Group from giving a financial benefit to a related party without security holder approval unless the financial benefit is given on terms that would be reasonably regarded as being arm's length.

Consequently, the IBC has decided to seek security holder approval on the MHC Appointment for the purposes of good corporate governance and has requested that BDOCF prepare an independent expert's report stating whether, in BDOCF's opinion, the MHC Appointment is fair and reasonable to the Non-Associated Securityholders, and the reasons for that opinion.

The Report is to accompany the Notice of Meeting required to be provided to securityholders of Aspen Group ("**Securityholders**") entitled to vote on the MHC Appointment and has been prepared to assist the Non-Associated Securityholders in their considerations of whether or not to approve the MHC Appointment.

This Report should not be used for any other purpose and BDOCF does not accept any responsibility for use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our report, in whole or in part, should be reproduced without the written consent of BDOCF, as to the form and context in which it may appear.

1.2. Scope

The scope of the procedures we undertook in forming our opinion on whether the MHC Appointment fair and reasonable to the Non-Associated Securityholders has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

1.3. Regulatory guidance

In preparing our IER, we have considered the requirements of:

- RG 76 Related party transactions;
- RG 111 Content of expert reports; and
- RG 112 Independence of experts.

RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that an opinion as to whether related party transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to effect the transaction.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

Fair

A proposed related party transaction is 'fair' if the value of the financial benefit provided by the entity (Aspen Group) to the related party (MHC) is equal to or less than the value of the consideration being provided to the entity.

The fairness assessment should assume a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious seller acting at arm's length.

Reasonable

In accordance with paragraph 60 of RG111, an offer is 'reasonable' if it is 'fair'. It might also be 'reasonable' if, despite being 'not fair', the expert believes there are sufficient reasons to vote for the proposal.

When deciding whether a proposed transaction is 'reasonable', factors an expert might consider include:

- the financial situation and solvency of the entity;
- opportunity costs;
- the alternative options available to the entity;
- the entity's bargaining position;
- whether there is selective treatment of any security holder; and
- any special value of the transaction to the related party.

1.4. General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the MHC Appointment. In preparing the IER we considered the necessary legal requirements and guidance of the Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- Particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO East Coast Partnership or BDOCF and any of the parties to the MHC Appointment;
- The nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- We have been appointed as independent expert for the purposes of providing an IER for the Notice of Meeting;
- That we have relied on information provided by the Directors and Management and that we have not carried out any form of audit or independent verification of the information provided; and
- That we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

1.5. Reliance on Information

This report is based upon financial and other information provided by Aspen Group. BDOCF has considered and relied upon this information. BDOCF believes the information provided to be reliable, complete and not misleading, and has no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the MHC Management Agreement is fair and reasonable to Non-Associated Securityholders.

BDOCF does not warrant that its inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to BDOCF was prepared in accordance with generally accepted accounting principles and except where noted, prepared in a manner consistent with the method of accounting used by Aspen Group, in previous accounting periods.

Where BDOCF has relied on the views and judgement of Management the information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation. In the context of this Report, the views not capable of direct external verification or validation related principally to matters such as the likely future actions of Management and/or the likely future behaviour of competitors.

1.6. Limitations

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and a copy of this IER may be included in the Notice of Meeting to be sent to Securityholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Notice of Meeting and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, including as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, or other similar investigative activities in respect of Aspen Group. We understand that the Directors have been advised by legal, accounting, tax and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of Non-Associated Securityholders and no opinion has been provided in relation to same. Some individual Non-Associated Securityholders may place a different emphasis on various aspects of the Notice of Meeting from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the MHC Appointment is in their best interests. An individual Non-Associated Securityholder's decision in relation to the MHC Appointment may be influenced by their particular circumstances and, therefore, Non-Associated Securityholders are advised to seek their own independent advice.

Apart from the IER, we are not responsible for the contents of the Notice of Meeting or any other document. We have provided consent for inclusion of the IER in the Notice of Meeting. Our consent and the Notice of Meeting acknowledge that we have not been involved with the issue of the Notice of Meeting and that we accept no responsibility for the Notice of Meeting apart from the IER.

1.7. Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Accordingly, changes in those conditions may result in any opinions becoming quickly outdated and in need of revision. BDOCF reserves the right to revise our opinion, in the light of material information existing at the date of this Report that subsequently becomes known to BDOCF.

1.8. Sources of information

Appendix 2 to the IER sets out details of information referred to and relied upon by BDOCF during the course of preparing this report and forming our opinion.

Aspen Group has agreed to indemnify BDOCF, and BDO East Coast Partnership, and their partners, directors, employees, officers and agents (as applicable) against any claim arising out of misstatements or omissions in any material supplied by Aspen Group, its subsidiaries, directors or employees, on which BDOCF has relied.

1.9. Assumptions

In forming BDOCF's opinion, the following has been assumed:

- all relevant parties have complied, and will continue to comply, with all applicable laws and regulations and existing contracts and there are no alleged or actual material breaches of the same or disputes (including, but not limited to, legal proceedings), other than as publicly disclosed and that there has been no formal or informal indication that any relevant party wishes to terminate or materially renegotiate any aspect of any existing contract, agreement or material understanding, other than as publicly disclosed;
- that matters relating to title and ownership of assets (both tangible and intangible) are in good standing, and will remain so, and that there are no material legal proceedings, or disputes, other than as publicly disclosed;
- information in relation to the MHC Appointment provided to Non-Associated Securityholders or any statutory authority by the parties as part of the Notice of Meetings is complete, accurate and fairly presented in all material respects;
- if the MHC Appointment is approved, it will be implemented in accordance with its disclosed terms; and
- the legal mechanisms to implement the MHC Appointment are correct and effective.

2. THE MHC APPOINTMENT

2.1. Background

On 28 August 2018, Aspen Group released an ASX Results Announcement which outlined the Group's proposed governance and management changes including the Change of RE and MHC Appointment.

Implementation of the MHC Appointment would result in the following actions by Aspen Group:

- Aspen Group terminating the appointment of AFML as investment manager of Aspen Group and appointing MHC in its place; and
- Aspen Group entering into the MHC Management Agreement.

In the event that the MHC Appointment is implemented the Board will remain unchanged and retain control of the Company's corporate governance. In addition to this, MHC's day-to-day operations and management with regards to the MHC Management Agreement will be under the direction of the Company.

The IBC has formulated and negotiated the MHC Appointment and it is conditional on Securityholder approval.

BDOCF have outlined some of the salient features associated with the MHC Management Agreement below based on discussions and information provided by Management.

2.2. Overview of MHC

MHC is a real estate private equity group established in 2005 that is owned by John Carter and David Dixon [AFSL: 282 335]. MHC is an Integrated owner, operator and developer of affordable accommodation in the residential, retirement and short stay (tourism and worker) sectors.

The company employs more than 100 people across its operating platform including approximately 15 people in corporate & administration roles.

MHC currently has four active funds that are owned by more than 100 sophisticated and high net worth ("**HNW**") clients and are listed below:

- Affordable Accommodation & Land Fund ("**AALF**");
- Marina Hindmarsh Island Fund ("**MHIF**");
- Hotel & Leisure Fund ("**HLF**"); and
- Strategic Real Estate Fund ("**SREF**"), which has a 23% interest in Aspen.

Over the past few years MHC has focused on complex and or distressed "buy-fix-sell" opportunities where a cheap entry price enables the delivery of accommodation at prices and rentals well below usual cost of production and local competition.

The MHC funds target approximately 15% and higher unlevered internal rate of return ("**IRRs**") and a minimum of two times equity invested on a post fee and pre-tax basis.

2.3. Rationale for the MHC Appointment

The Directors are of the view that the value of the Aspen Group's property portfolio has not been fairly reflected in the Company's share price as the securities are trading at a discount of c. 20% to net asset value. The IBC believes that this is partially due to the high costs associated with managing the property portfolio and that these costs outweigh the benefits and revenue arising from the internal management of the Trust and the property portfolio.

Owing to this the IBC has proposed the MHC Appointment as they have identified the following benefits associated with the MHC Appointment as follows:

- An estimated reduction of fixed overheads amounting to approximately $4.6 million which would be replaced by MHC's base and project management fee of approximately $3.2 million. In addition to this, development overheads would only be incurred based on a percentage of project costs;
- MHC, as a significant shareholder, is familiar with Aspen Group and its portfolio and also has a vested interest in the performance of the Company;
- MHC has greater expertise than Management and has a successful track record of acquiring, operating and developing affordable accommodation;
- There is a potential for synergies and leveraged opportunities across the combined platform, which would incorporate the MHC and Aspen Group portfolios; and
- MHC has access to sophisticated investors and HNW's that the Board believes it can leverage these relationships and get access to additional capital.

2.4. Key terms of the MHC Management Agreement

The IBC has evaluated and negotiated the MHC Management Agreement on behalf of Aspen Group and reasonably considers the MHC Appointment to be on arm's length and on reasonable terms. BDOCF have summarised some of the salient features of the MHC Management Agreement below.

Table 1: Key terms of the MHC Management Agreement

Key terms of the MHC Management Agreement	
Governance	• It is the responsibility of the RE and the Company to appoint MHC to run the day-to-day operations of Aspen Group. Recommendations made by MHC regarding the Company's activities must be accompanied with supporting materials as would reasonably be required by the Company to review the recommendation and form an opinion in respect of that recommendation. • The RE or Company does not need to act on recommendations made by MHC should they believe that the recommendation will result in a breach of the Company's Constitution, are illegal, not in the best interests of security holders or may result in any liabilities, costs or expenses which the Company or RE would not have incurred otherwise. • The Board will remain in control of corporate governance and management of the Company, with Aspen Group security holders remaining in control of the composition of the Board.
Pre-emptive Rights	• Where MHC identifies an investment opportunity in the affordable accommodation sector, the Manager must offer Aspen Group the opportunity to acquire a minimum 50% of the interests in the investment assets.
Base Management Fees	• MHC will be entitled to receive out of the Trust assets the aggregate of: o 2.25% per annum (plus GST) of the total book equity up to the first $115 million of total book equity; and o 1.25% per annum (plus GST) of the total book equity in excess of $115 million, which accrues daily and is payable monthly in arrears from the commencement Date of the MHC Management Agreement.
Project Management and Performance Fees	• MHC is entitled to receive out of the Trust assets a project management fee ("**Project Management Fee**") equal to 7% (plus GST) of Total Project Costs relating to all projects and capital improvements and the Project Management Fee is payable quarterly in arrears. • MHC is entitled to an annual performance fee ("**Performance Fee**") equal to 0.5% per annum (plus GST) of the total book equity, subject to a total accumulated return hurdle rate of 8% per annum. The calculation of the total accumulated return will be based on a starting Stapled Security price of $1.19 and commence from the date of the MHC Management Agreement.
MHC reimbursable costs	• MHC is entitled to be paid for all costs and expenses it incurs in carrying out its mandate, and which are commensurate with, its duties and responsibilities under the investment management agreement ("**MHC Reimbursable Costs**"). • The Board will approve all the MHC Reimbursable Costs annually for the next financial period and should these costs not be approved before the start of the next financial year will the costs will be capped at the amount agreed upon in the immediately preceding financial year.

Termination	•	The MHC Management Agreement has no fixed term however; each party can terminate the contract without cause with a six-month notice period. If Aspen Group terminates the MHC Management Agreement without cause, the Company must pay MHC's actual costs incurred as a direct result of the termination, which will be limited to a maximum of $500,000.

Source: MHC Management Agreement

2.5. Industry considerations

The external management model for REIT's was established around the 1970's and subsequently adopted for other investment vehicles in the infrastructure sector in the 1990's and 2000's. The rationale for this model was that investment vehicles, especially those that are listed were effectively passive owners of assets with underlying annuity type income. Enlisting the services of an external investment manager resulted in the business gaining additional investment opportunities not otherwise available to the investment vehicle, in addition to the expertise provided by the investment manager in terms of business operations. The general trend in the market has been a gradual shift to internalising this function due to perceived conflicts of interests that arose historically with these agreements.

Other benefits to the shift for internalisation include:

- alignment of management interests;
- expansion of the pool of investors (due to some mandates that prohibit some investors from investing externally managed vehicles); and
- elimination of performance fees and increased predictability of earnings.

3. PROFILE OF ASPEN GROUP

3.1. Background

The Aspen Group is a property investment and fund management group focusing on acquiring low cost and affordable property assets and managing property funds and syndicates. Aspen Group is an active and operational fund as it manages the properties in its portfolio and part of its service offering includes, but is not limited to:

- development of properties including design, project management and construction thereof;
- property management which includes marketing of the properties to customers and overseeing maintenance services; and
- investment management functions which incorporate property acquisition and divestment, financial management and corporate governance.

Aspen Group has three business lines Tourism, Retirement (classified together as accommodation), and Non-Core Assets. The Aspen Group has been listed since 1991, however the current business was formed in 2001 and is based in Sydney. By 2004 Aspen Group was the largest owner and manager of holiday parks in Australia and currently owns nine holiday parks across Australia. The Aspen Group also has an investment in Aspen Parks Property Fund ("**APPF**"), and other subsidiaries noted below.

Table 2: Aspen Group subsidiaries

Aspen Group subsidiaries	Ownership interest
Aspen Funds Management Limited	100%
Aspen Living Villages Proprietary Limited	100%
Aspen (Septimus Roe) Proprietary Limited (in members voluntary liquidation)	100%
Aspen Property Developments Proprietary Limited	100%
Aspen Communities Property Fund 1	100%
Aspen Villages Property Fund 2	100%
Aspen Equity Investments Proprietary Limited	100%
Midland Property Trust	100%
Caversham Property Development Proprietary Limited	100%
Aspen Whitsunday Shores Proprietary Limited	100%
Aspen Development Fund No1 Proprietary Limited 3	54%
Aspen Dunsborough Lakes Resort Proprietary Limited	75%
Aspen Dunsborough Lakes Resort Proprietary Limited (in members voluntary	43%
Fern Bay Seaside Village Proprietary Limited	45%

Source: Aspen Group FY18 Annual Report

3.2. Portfolio

Aspen Group's portfolio comprises nine properties and is split into three major categories being Retirement, Tourism and Corporate. The property portfolio in mainly concentrated in New South Wales ("**NSW**"), with five properties being located there, two in Western Australia ("**WA**"), one in South Australia ("**SA**") and on in the Northern Territory ("**NT**"). The Tourism and Retirement portfolios are combined into one business segment for reporting purposes. During the year Aspen Group acquired two parks, for a combined value of $30.0 million, bringing the Group's tourism/retirement assets to a gross asset value ("**GAV**") of $95.4 million and the total portfolio GAV to $106.4 million as at 30 June 2018.

Table 3: Aspen Group property portfolio

Description	State	Carrying value ($'m)
Retirement portfolio:		
Four Lanterns Estate	NSW	9.9
Tomago Village Van Park	NSW	12.9
Mandurah Gardens Estate	NSW	11.3
Sub-total		**34.1**
Tourism Portfolio:		
BIG4 Tween Waters	NSW	7.0
Barlings Beach Holiday Park	NSW	13.3
BIG4 Koala Shores	NSW	10.2
Adelaide Caravan Park	SA	11.0
Darwin FreeSpirit Resort	NT	19.8
Sub-total		**61.3**
Corporate Portfolio:		
Aspen Karratha Village'	WA	11.0
Total portfolio GAV		**106.4**

Source: Aspen Group Results Presentation FY18

3.2.1. Retirement Portfolio

The Retirement portfolio comprises the following properties:

- Four Lanterns Estate, Leppington, NSW

  Four Lanterns Estate is a purely residential, manufactured housing estate located in Leppington in South-West Sydney. The estate has been established for over 40 years, with 102 existing residential sites over 3.9 hectares. The freehold property is located approximately 800 metres from the new Leppington railway station and significant infrastructure is currently being installed in the surrounding area, including the upgrade of the Camden Valley Way to a four lane divided carriageway. There is development potential to increase the number of residential sites subject to Council approval.

- Tomago Village Van Park, Tomago, NSW

  Tomago Village is located 23 kilometres from Newcastle, in the Hunter Region of New South Wales. Mandurah Gardens Estate. The property has 156 sites over 13.9 hectares, 143 of which are licenced for long-term utilisation, with the balance being short-stay sites. Development approval for 53 new sites has been secured.

- Mandurah Gardens Estate, Mandurah, WA

  Mandurah Gardens Estate is a purely residential, manufactured housing estate located on the banks of the Serpentine River in Mandurah, WA. The estate has 158 residential sites and is in close proximity to the regional hospital, Mandurah Forum shopping centre as well as the Mandurah beaches and restaurant precinct. Mandurah is a major regional centre, easily accessible from Perth which is located 70 kilometres to the north via the Kwinana Freeway and train service. Mandurah Gardens Estate has been experiencing strong population growth including retirees, with historical population growth of up to 4.1% per annum.

3.2.2. Tourism Portfolio

The Tourism portfolio comprises the following properties:

- BIG4 Tween Waters, Merimbula, NSW

  The tourism park was acquired in December 2016, and is located a short distance from Merimbula town centre on the South Coast of NSW. The property comprises 96 sites, over 1.9 hectares. In addition to its beachfront location, Tween Waters' facilities include 31 cabins, 65 caravan sites and a recently installed water park.

- Barlings Beach Holiday Park, Rosedale, NSW

  Acquired in January 2017, this predominantly tourism park is located in Rosedale just 17 kilometres south of Batemans Bay on the NSW South Coast. The property is located on the beachfront and comprises 258 total sites over 8.8 hectares, with 194 of these sites comprising annuals and permanent residents.

- BIG4 Koala Shores Holiday Park, Lemon Tree Passage, NSW

  Acquired in September 2017, this tourism park is located on the foreshore at Lemon Tree Passage Port Stephens, in close proximity to Newcastle airport. The property recently underwent a renovation of the cabins and has direct access to the waterway. The park provides views of Port Stephens and consists of 143 sites over 6.5 hectares, including 34 tourist cabins. BIG4 Koala Shores Holiday Park was acquired by Aspen Group in September 2017 for $10.2 million.

- Adelaide Caravan Park, Hackney, SA

  Adelaide Caravan Park is located 3 kilometres from the centre of the Adelaide central business district and within walking distance to Adelaide Zoo and Adelaide Oval. The property is set on 11 individual titles and has development potential. Currently the park has 93 sites over 1.5 hectares, 44 cabins and 49 powered sites with all accommodation being short stay in nature.

- Darwin FreeSpirit Resort, NT

  Darwin FreeSpirit Resort is situated 17 kilometres east of Darwin on Stuart Highway. The resort is in close proximity of Palmerston regional hospital with a full tourist park and a fully licensed food and beverage operation on site. The resort has 282 campervan sites and 149 cabins over 10.8 hectares. Darwin FreeSpirit resort was acquired by Aspen Group in December 2018 for $19.5 million.

3.2.3. Corporate Portfolio

The Corporate portfolio comprises the following property which has a GAV of $11.0 million as at 30 June 2018:

- Aspen Karratha Village, Karratha, WA

  Aspen Karratha Village is a 180-room workforce accommodation facility, over 2.9 hectares, located in Karratha, Western Australia. Guest amenities include modern single occupancy rooms, recreation and dining facilities. The current lease to Woodside expires in January 2020.

3.3. Recent developments

An active acquisition programme is underway to expand the Company's property portfolio within the low cost and affordable accommodation sector.

Key milestones over the first half of the 2018 financial year end ("**FY18**"), second half of FY18 and the 2019 financial year ("**FY19**") are noted below:

1H FY18

- As at 30 June 2017, the industrial property at Spearwood South was contracted for sale for $28.0 million representing a $1.0 million reduction against its book value of $29.0 million. Net income from Spearwood contributed $3.367 million during the 2017 financial year end. The sale was completed during 1H FY18;
- Aspen Whitsunday Shores Proprietary Limited ("**AWSS**") was the sole remaining syndicate which held property assets. At 30 June 2017, AWSS land holding was conditionally contracted for sale at a price of $3.5 million and subsequently settled on 16 August 2017;
- The Aspen Group acquired two tourist parks, being Koala Shores Holiday Park, NSW and Darwin Free Spirit Resort, NT, for $10.2 million and $19.5 million respectively;

2H FY18

- The Aspen Group commenced pre sales activity and pre-development works at Tomago and Four Lanterns;
- Woodside Petroleum Limited tenancy contract at Aspen Karratha was extended to January 2020;
- The Aspen Group reduced its finance facility to $45 million;
- The Midlands land sale was settled on the 8th of August;

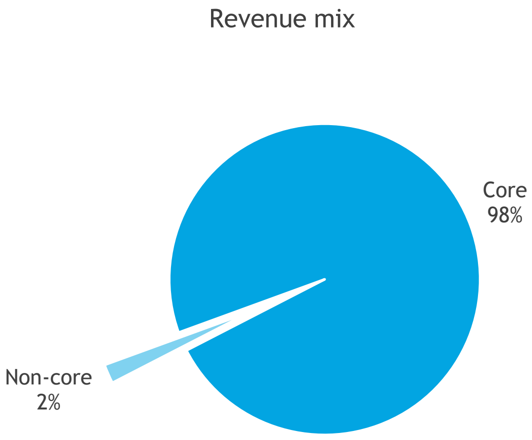
FY19 outlook

- The Aspen Group is targeting approximately $40 million in acquisitions and development in its current property portfolio;
- The Aspen Group is due to commence sales of residences at Four Lanterns;
- Management intends to ramp up development at Tomago; and
- Management intends to explore adjacent sub sectors, including affordable residential accommodation.

3.4. Revenue mix

Aspen Group earns core revenue from its Tourism, Retirement and Corporate property portfolio. Non-core revenue arises when the development assets, which the Aspen Group owns, are contracted for sale.

Figure 1: Aspen Group revenue mix



Source: Aspen Group Results Presentation FY18

Revenue increased by c. 44.2% over FY18, predominantly due to core revenue increasing by c. $6.7 million (44%). This is predominantly due to an increase in the revenue generated by Aspen Group's accommodation portfolio, partially as a result of the acquisitions of the Koala Shores and Darwin FreeSpirit resorts and partially as a result of the value enhancing works that the Company has embarked on in order to improve accommodation capacity, occupancy and higher room rates at the park assets.

3.5. Directors

The resignation of B Summers, Head of Asset Management in September 2017 was the only change to key management personnel and directors of Aspen Group in the last twelve months.

Table 4: Aspen Board of Directors

Name	Title	Interest in shares	Status
Executives			
J Cann	Chief Executive Officer	23,669 ordinary shares	Appointed CEO on 29 September 2016
E Zammit	Chief Financial Officer	11,835 ordinary shares	Appointed CFO 8 June 2016
Former Executives			
B Summers		Nil	Resigned 3 September 2017
Non-Executive Directors			
C Appelton	Non-Executive Director	79,862 ordinary shares	Appointed chairman 7 June 2016
G Farrands	Non-Executive Director	150,475 ordinary shares	Appointed Non-Executive Director on 26 November 2012
J Carter	Non-Executive Director	22,382,539 ordinary shares held indirectly	Appointed Non-Executive Director on 23 February 2015

Source: CapitalQ and Aspen ASX announcements

3.6. Portfolio profitability analysis

Table 5: Total accommodation profit

$'000	FY16	FY17	FY18
Underlying profit	8,392	3,018	4,444
Non-underlying items	(1,587)	(1,255)	(2,083)
Tourism/Retirement	**6,805**	**1,763**	**2,361**
Underlying profit	4,022	2,947	3,420
Non-underlying items	(10,060)	(673)	866
Corporate	**(6,038)**	**2,274**	**4,286**
Total accomodation profit	**767**	**4,037**	**6,647**

Source: Aspen Group FY18 Annual Report

Total accommodation profit increased by c. 64.7% to $6.647 million in FY18 from $4.037 million in FY17 and triple digits from $767,000 in FY16. The increase in FY18 is driven predominantly by an increase in Corporate profit of c. 88.5% due to an increase in occupancy levels and improved operating efficiencies, allowing it to generate significant growth over FY18. Fluctuations in non-underlying items can be attributed to movements in the fair value of Aspen Karratha Village. FY16 exhibited higher profitability due to pricing and room tariffs, which Management reduced in FY17 to be more competitive.

Tourism/retirement profits declined significantly in FY17 to $3.018 million from $8.392 million, due to five months of APPF profits being included in the FY16 results. On 9 December 2015, Aspen Group lost control of APPF and deconsolidated APPF from this date. FY18 Tourism/Retirement profits increased by c. 40% due to the inclusion of operating profit generated from properties purchased during the year.

3.7. Financial Performance

The audited income statements for the years ended 30 June 2016 ("**FY16**"), 30 June 2017 ("**FY17**") and 30 June 2018 ("**FY18**") are set out in the table below.

Aspen Group is audited by PricewaterhouseCoopers who issued unqualified audit opinions in FY16, FY17 and FY18.

Table 6: Summary of Financial Performance

$'000s	Notes	FY16	FY17	FY18
Revenue from accommodation assets		31,343	14,839	21,233
Revenue from development activities		2,104	240	512
Total Revenue	1	**33,447**	**15,079**	**21,745**
Cost of sales		(17,865)	(8,090)	(12,418)
Gross Profit	2	**15,582**	**6,989**	**9,327**
Expenses and other items:				
Administration		(14,311)	(5,425)	(5,831)
Property depreciation, fair value adjustments and other		(14,394)	(2,923)	(2,896)
	1	**(28,705)**	**(8,348)**	**(8,727)**
Fair value gain on deconsolidation of APPF		17,492	-	-
Gain on termination of Management rights in APPF		5,000	-	-
Share of losses of associates		(7)	-	-
	3	**22,485**	**-**	**-**
Earnings/(loss) before interest and income tax expense		**9,362**	**(1,359)**	**600**
Finance Income		817	727	369
Finance costs		(3,779)	(181)	(868)
Profit/(loss) before income tax		**6,400**	**(813)**	**101**
Income tax expense		-	-	-
Profit/(loss) from continuing operations		**6,400**	**(813)**	**101**
Discontinued operations:				
Profit for the year from discontinued operations	4	3,513	590	671
Profit/(loss) for the year		**9,913**	**(223)**	**772**
EBITDA reconciliation:				
Gross Profit		15,582	6,989	9,327
Depreciation		3,341	1,133	1,711
Administration		147	107	116
Property		3,194	1,026	1,595
EBITDA	5	**18,923**	**8,122**	**11,038**
KPIs:				
Sales growth		n/a	(54.9%)	44.2%
Gross profit margin		46.6%	46.3%	42.9%
Operating expenses as % revenue		85.8%	55.4%	40.1%
EBITDA margin		56.6%	53.9%	50.8%
Net operating income margin		29.6%	(1.5%)	3.6%

Source: Audited financial statements for the periods ended 30 June 2018, 30 June 2017, 30 June 2016 and BDOCF analysis.

We note the following regarding Aspen Group's historical financial performance:

1. Revenue declined significantly in FY17 driven by the deconsolidation of APPF, which included two resort parks and one short stay park. The increase in revenue of c. 44% is driven by the acquisition of new properties as well as improved efficiencies. Expenses declined significantly in FY17 due to the related expenses of the deconsolidated properties no longer forming part of the cost structure of Aspen Group.

2. Gross profit margins were fairly consistent between FY16 and FY17 at c. 46%, however a slight decline is exhibited in FY18, with gross profit margins declining to c. 42.9%.

3. Once off income of $22.5 million was recognised due to the deconsolidation of APPF.

4. Profit for the year from discontinued operations relates to Aspen Group's development properties that are held for sale. As part of its business model the Company develops certain properties for resale.

5. EBITDA margins have been under pressure with a steady decline being exhibited. EDITDA margins have declined from c. 56.6% in FY16 down to c. 50.8% in FY18.

Table 7: Summary of Financial Position

$'000s	Notes	FY16	FY17	FY18
Cash and cash equivalents	1	48,800	22,741	13,370
Trade and other receivables		2,888	3,205	1,950
Assets classified as held for sale	2	8,210	35,493	4,157
Inventories		78	287	1,566
Deposit for park acquisition		-	510	-
Total current assets		**59,976**	**62,236**	**21,043**
Investment property	2	29,000	-	-
Property, plant and equipment	3	34,904	52,804	81,996
Intangible assets	4	14,248	17,534	24,250
Other		520	540	373
Total non-current assets		**78,672**	**70,878**	**106,619**
Total assets		**138,648**	**133,114**	**127,662**
Trade and other payables		7,528	6,334	5,841
Liabilities classified as held for sale		12	123	43
Provisions		3,344	3,088	2,402
Total current liabilities		**10,884**	**9,545**	**8,286**
Interest bearing loans and borrowings	5	-	-	4,700
Total non-current liabilities		**-**	**-**	**4,700**
Total liabilities		**10,884**	**9,545**	**12,986**
Net assets		**127,764**	**123,569**	**114,676**
Equity				
Issued capital		501,665	500,985	490,361
Reserves		69	2,030	7,129
Accumulated losses		(354,623)	(359,467)	(362,782)
Total equity attributable to equity holders		147,111	143,548	134,708
Non-controlling interest		(19,347)	(19,979)	(20,032)
Total equity		**127,764**	**123,569**	**114,676**
KPIs:				
Current ratio		5.51	6.52	2.54
Net (debt)/cash		53,654	55,023	10,382

Source: Audited financial statements for the periods ended 30 June 2016, 30 June 2017 and 30 June 2018 and BDO analysis.

We note the following regarding Aspen Group's historical financial position:

1. The cash balance has been steadily declining over the period reviewed. The decline in FY18 is predominantly due to cash distributions to equity holders of $9.763 million and payments for a security buy back of $5.568 million. In FY17 the decline in cash is predominantly due to distributions to security holders as well as investment in park acquisitions.

2. The significant uplift in assets held for sale relates to Spearwood South, which had a carrying value of $29.0 million being classified as held for sale in FY17. This property was subsequently sold during FY18 for $28.0 million.

3. Property, plant and equipment ("**PPE**") has been steadily increasing due to Management's acquisitive growth strategy as well as revaluations of the existing property portfolio. The uplift in the PPE balance in FY18 is predominantly due to the Aspen Group acquiring Koala Shores and Darwin Free Spirit for $10.2

million and $19.5 million, respectively and an upward revaluation amounting to c. $5.1 million relating to four properties in its portfolio. The Aspen Group also divested three non-core assets during FY18, resulting in cash proceeds of c. $33.6 million.

4. Intangible assets relate to goodwill that arose as part of the Tourism/Retirement operating segment and represents the value of the properties acquired which is in excess of the PPE acquired.

5. Aspen Group holds finance facilities totalling $55 million, comprising of $45 million debt, $5 million overdraft and $5 million bank guarantees, with a two-year tenure ending June 2020. The facilities were secured to align and support the broader strategic objectives of the Company. The facility was established on commercial terms consistent with the scale and operations of Aspen Group. As at 30 June 2018, Aspen Group had debt of $4.7 million from the drawdown of these finance facilities. This facility is secured with first ranking registered real property mortgages over the Company's directly owned properties, and a fixed and floating charge over Aspen Group, the Trust, Aspen Living Villages Proprietary Limited and Aspen Property Developments Proprietary Limited.

3.8. Capital structure

As at 6 August 2018, Aspen Group had 96,321,775 securities and 1,002,597 options on issue. The top 10 security holders own a total equity interest of approximately 70.8%.

3.8.1. Top 10 security holders

The top 10 security holders as at 6 August 2018 are as follows:

Table 8: Top 10 security holders

Rank	Security holder	Related party	Securities Outstanding	% ownership
1	Mill Hill Capital	J Carter	22,382,539	22.83%
2	Colonial First State		11,782,507	12.02%
3	Legg Mason Asset Management Australia		7,780,809	7.94%
4	Cushing, Selwyn & David		4,707,290	4.80%
5	Moelis Australia Asset Management		4,800,000	4.90%
6	SG Hiscock & Co		4,563,285	4.65%
7	Coronation Fund Managers (Ireland) Ltd		4,664,877	4.76%
8	Kagi, Noel		3,840,000	3.92%
9	Renaissance Property Securities		3,155,705	3.22%
10	ANZ New Zealand Investments Limited		1,766,884	1.80%
Top ten subtotal			69,443,896	70.80%
Other security holders			26,877,879	29.20%
Total securities outstanding			96,321,775	100.00%

Source: Market Eye Pty Ltd security register analysis as at 6 August 2018

3.8.2. Options and rights

The performance rights plan ("**PRP**") facilitates the grant of performance rights to executives of Aspen Group. A performance right granted under the PRP is a conditional right to acquire a stapled security for nil consideration (although the terms of the PRP enable the Board to impose an exercise price if considered appropriate).

A performance right holder will only be able to exercise their performance rights to the extent the vesting conditions are satisfied (if at all). Performance is assessed relative to two measures, total shareholder returns ("**TSR**") and NAV, with each measure accounting for 50% of the potential entitlement. The vesting conditions for each measure determine the award and are measured over a three-year period from the start of the financial year in which they are offered. Details of the options and rights are as follows:

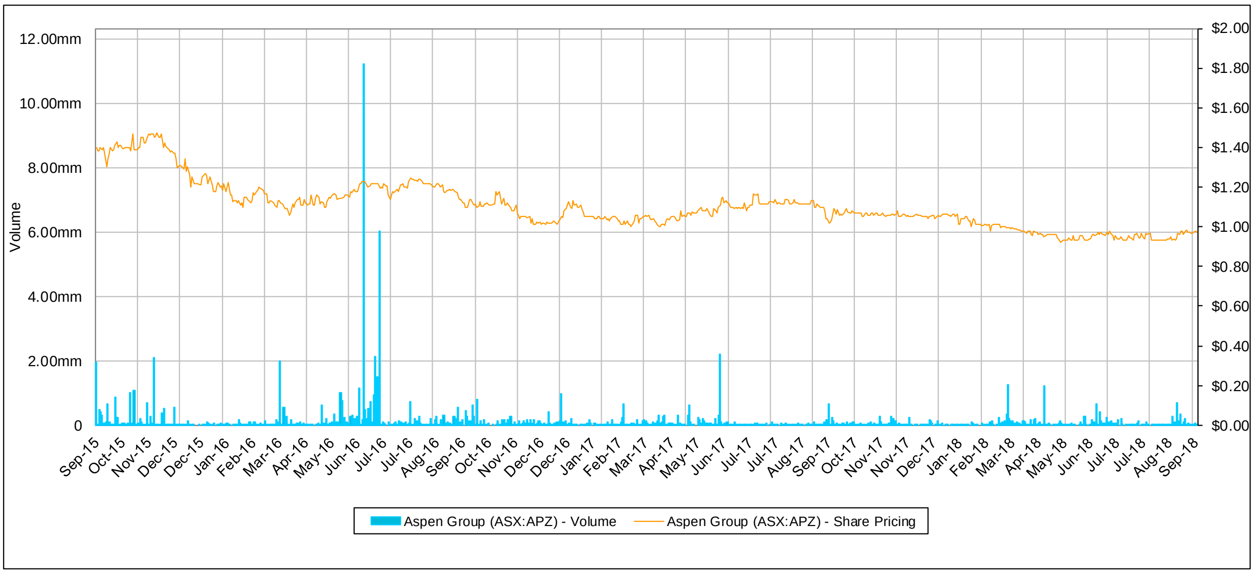
Table 9: Options and rights

Grant date	Vest Date	Expiry date	Exercise price	Number of options
1-Jul-16	30-Jun-19	30-Jun-19	$0.74	499,123
1-Jul-17	30-Jun-20	30-Jun-20	$0.67	590,435
Forfeited			$0.74	(86,961)
Total				**1,002,597**

Source: Audited financial statements for the periods ended 30 June 2017 and 30 June 2018

3.9. Historical security trading analysis

Figure 2: Daily closing security price and trading volume (three years)



Source: CapitalIQ

4. ASSESSMENT OF FAIRNESS

As discussed in Section 1.3, in the circumstances of a related party transaction, RG 111 requires the expert to provide an opinion as to whether or not the related party transaction is "fair and reasonable". Our approach to assessing the fairness of the MHC Appointment, with guidance from ASIC RG111, is discussed below.

4.1. Fairness assessment overview

RG 111.58 indicates that a proposed related party transaction is 'fair' if the value of the financial benefit to be provided to the entity (Aspen Group) from the related party (MHC) is equal to or less than the consideration being provided to the entity.

In valuing the financial benefit given and the consideration received by the entity, an expert should take into account all material terms of the proposed transaction.

The basis for the above form of comparison is to ensure our analysis is in line with RG111.5 to RG111.7 which include statements as follows:

- The main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the MHC Appointment; and
- The form of analysis an expert uses to evaluate a transaction should address the issues faced by security holders.

We have formed our opinion in relation to fairness by focusing on the substance of the MHC Appointment, rather than the legal mechanism.

4.2. Fairness assessment

The terms of the MHC Management Agreement state that a fee will be received by MHC for services rendered in the form of a base management fee, a project management fee and a performance fee (based on a specified hurdle rate).

MHC is paying no consideration for the acquisition of the MHC Management Agreement, but will provide services over the duration of the agreement.

The value of the MHC Management Agreement is the difference (on a net present value basis) between:

- The fees receivable by MHC under the MHC Management Agreement; and
- The cost of MHC delivering the services to Aspen Group.

MHC's cost of delivering the services is commercially sensitive information, although we understand that MHC will assume much of Aspen Group's existing cost structure, and we have been unable to perform the above analysis.

However, it is reasonable to assume that MHC would not be entering into this transaction if it believed it would be a loss making agreement for MHC. Therefore, the MHC Management Agreement is likely to have value above the consideration payable of nil.

We note that the tenure of the MHC Management Agreement is determined by a clause contained therein that enables either party to cancel the agreement with six months' notice. However, Aspen Group will be liable to MHC for any termination costs incurred, that directly relate to the MHC Management Agreement, to a limit of $500,000, should it be the one to terminate the MHC Management Agreement.

As the MHC Management Agreement can be terminated by Aspen Group with six months' notice, the value to MHC may be limited to six months of cash flows, and therefore of minimal value to MHC.

4.3. Fairness conclusion

Based on the foregoing discussion, we conclude that the MHC Appointment is NOT FAIR to Non-Associated Securityholders as the likely (although uncertain) value of the MHC Management Agreement is above the consideration payable by MHC of nil.

We note however that the value of the agreement may be immaterial as the MHC Management Agreement can be terminated by Aspen Group by giving six months' notice.

5. ASSESSMENT OF REASONABLENESS

In accordance with RG 111 an offer is reasonable if it is fair. It might also be reasonable if, despite being not fair, the expert believes that there are sufficient reasons for shareholders to accept the proposed transaction.

When deciding whether a proposed transaction is 'reasonable', factors that an expert might consider include:

- the financial situation and solvency of the entity, including the factors set out in RG 111.26, if the consideration for the financial benefit is cash;
- opportunity costs;
- the alternative options available to the entity and the likelihood of those options occurring;
- the entity's bargaining position;
- whether there is selective treatment of any security holder, particularly the related party; and
- any special value of the transaction to the related party, such as particular technology or the potential to write off outstanding loans from the target.

Whilst we have determined that the MHC Appointment is not fair, we have assessed the reasonableness of the MHC Appointment by considering a range of other factors in our assessment, as set out below.

In BDOCF's view the most appropriate basis to assess the reasonableness of the MHC Appointment, is to:

a. Perform an analysis of the maintainable cost structure of Aspen Group prior to the implementation of the MHC Appointment ("**Cost Structure Pre**") and the revised cost structure should the MHC Appointment be implemented ("**Cost Structure post Post**") (collectvely, "**Cost Analysis**");

b. benchmark specific features of the fee structure of the MHC Management Agreement to industry proxies ("**Fee Benchmarking**"). In order to achieve this, BDOCF collated information from listed and unlisted REITs and the investment mangement fees disclosed therein; and

c. Consideration of Directors' rationale for implementing the MHC Appointment.

5.1. Cost Analysis

Management provided BDOCF with a breakdown of the budgeted costs of the Aspen Group for FY19 with and without the MHC Appointment as detailed below.

5.1.1. Cost structure Pre

Aspen Group has experienced a high growth period, and Management is in the process of adjusting its focus to manage and maintain the existing portfolio. As a result of this an initial budget was prepared at the beginning of the year with forecast FY19 costs amounting to $5.834 million.

Table 10: Analysis of Cost Structure Pre

Cost structure Pre	Notes	$
Central services expenses:		
Staffing and employment		3,022,422
Contractors		565,000
Listing and regulatory fees		793,000
Insurance		97,000
Rent and outgoings		158,000
Professional fees		506,000
Data and systems		215,000
Travel and accommodation		128,000
Marketing		10,000
General and administration costs		158,000
Depreciation and amortisation		182,000
Budgeted cost structure		**5,834,422**
Normalisation adjustments		
Salary adjustments	i	(94,875)
RE Fees	ii	130,000
RE establishment fee	ii	20,000
Total normalisation adjustments		**55,125**
Normalised cost structure		**5,889,547**

Source: Management FY19 budget, Management discussion and BDO analysis

We note the following regarding the Cost Structure Pre and normalisation adjustments:

i. The Head of Marketing resigned in July 2018, and Management has indicated that replacement will be at a lower cost as the previous Head of Marketing had achieved many of Aspen Group's key marketing objectives. In addition to this the initial cost estimate for the operations manager included in the budget has been adjusted downwards by c. $8,000 to bring it in line with what Management considers a market related salary. The effect of the downwards salary adjustments will result in taxation and superannuation adjustments amounting to c. $7,000. The reduction in incentive payments of $21,000 is due to the new Head of Marketing not being entitled to any incentive payments. Management have noted that the annualised effect of the change in the payroll structure due to new full time employees will result in an annualised salary expense of c. $52,000.

ii. Appointment of an RE is not a mutually exclusive decision with regards to the MHC Appointment, and therefore BDOCF has included the RE fees and the RE establishment fees in order to allow Non-Associated Securityholders to gain an indication of the cost structure of Aspen Group assuming implementation of the Change of RE. If the Change of RE is not implemented by Aspen Group, the additional fees shown in the table above will not be incurred.

5.1.2. Cost structure Post

The MHC Management Agreement is prescriptive in terms of which costs will be incurred by Aspen Group and those incurred by MHC. The majority of Aspen Group's existing cost structure will be replaced by the MHC base fee. We note the following regarding the Cost Structure post IMA:

Table 11: Analysis of Cost Structure Post

Cost structure Post	Notes	$
Directors fees		312,000
Director and officer insurance		349,000
Listing and regulatory fees	iii	**661,000**
Rent and outgoings		158,000
Depreciation and amortisation		182,000
RE management fee		130,000
RE establishment fee		20,000
Other expenses	iv	**490,000**
Total expenses retained by Aspen		**1,151,000**
MHC expenses to be reimbursed by Aspen Group		
Contractors		96,000
Listing and regulatory		132,000
Professional fees		404,000
Travel and accommodation		10,000
General Administration		37,000
MHC reimbursements	v	**679,000**
MHC Base fee	vi	2,587,500
MHC Project management fee	vii	618,870
Total management and investment fees		**3,206,370**
Total Cost Structure Post		**5,036,370**

Source: Management FY19 budget, Management discussion and BDO analysis

iii. The existing cost structure includes listing and regulatory fee expenses of $793,000 of which Aspen Group will still be liable for $661,000. These costs relate to the Board fees and related costs, with the remainder being assumed by MHC per the MHC Management Agreement;

iv. Other expenses relate to general operations costs of the existing office space and the proposed costs relating to the RE management fee and RE establishment fee.

v. Based on the terms of the MHC Management Agreement, MHC is entitled to be reimbursed for certain costs that are summarised in the MHC Management Agreement. The bulk of these fees relate to:

   a. Listing and regulatory fees which include ASX, ASIC and share registry costs; and

   b. Professional fees which include audit, taxation, legal and valuation fees that relate to the property portfolio.

vi. MHC is entitled to a base fee of 2.25% per annum (excl. GST) of the total book equity up to the first $115 million and 1.25% above $115 million. Based on the current NAV of the Aspen Group of $115 million as at 30 June 2018, it is a reasonable assumption to conclude that the Company will have a total book equity of at least $115 million in FY19.

vii. MHC is entitled to a project management fee of 7% on total project costs. Based on Management's estimates project costs to be incurred in the next 12 months' amount to c. $8.8 million and are as follows:

a. $6.5 million which is split into

i. value enhancing developments ("**VED**") of c. $1.1 million;

ii. stay in business capital ("**SIBC**") which is allocated to the Retirement (c. $341,000), Tourism (c. $599,000) and Corporate (c. $83,000) Portfolios;

iii. development costs and VED relating to Four Lanterns which will cost c. $4.2 million; and

b. Barlings Beach phase one refurbishments and Tomago site expansion costs amounting to c. $2.3 million.

5.1.3. Potential cost saving: Cost Structure Pre versus Cost Structure Post

Following implementation of the MHC Appointment, Aspen Group's cost structure is forecast to fall from $5.890 million to c. $5.036 million based n analysis of forecast FY19 costs with and without the MHC Appointment.

Table 12: Summary of potential cost savings

Cost analysis	$
Cost structure Pre	5,889,547
Cost structure Post	5,036,370
Potential Savings	**853,177**
Potential performance fee	(580,000)
Net savings	**273,177**

Source: Management FY19 budget, Management discussion and BDO analysis

Potential cost savings of $853,000 exclude Performance Fees under the MHC Management Agreement, but include $150,000 of costs assumed in relation to the Change of RE. MHC will earn a Performance Fee of 0.5% per annum (plus GST) of the total book value of equity subject to a total accumulated return hurdle rate of 8% per annum, assuming a starting share price of $1.19. The Performance Fee has the same characteristics as the current PRP in that performance is assessed and weighted equally, relative to two measures, being TSR and NAV. However, with the existing PRP, assessment of performance is subject to a three year vesting period, whereas the Performance Fee per the MHC Management Agreement is payable annually with no vesting period, should MHC achieve the performance conditions.

The potential Performance Fee set out in the analysis above has been estimated by Management and assumes that all performance conditions are met from the start of FY19.

Taking into consideration the potential Performance Fees, the potential cost savings will be approximately $273,000, per annum on a pro-forma basis, based on forecast costs for FY19.

5.2. Fee Benchmarking

We have also considered the reasonableness of the MHC Appointment by benchmarking the proposed investment management fees to other investment management fees noted in the market for the management of REIT's. In addition to Aspen Group's portfolio being a specialist portfolio, with a focus on low cost accommodation, the Company actively manages and operates its property portfolio and therefore, consideration of the limited number of comparable portfolios needs to be taken.

5.2.1. Comparable portfolio management fees

BDOCF has considered evidence of investment management fees across listed and unlisted REITs with a spread of GAV's as a proxy for common market practice. We have reviewed the asset management agreements (where available) for all ASX listed REITS and categorised them into the following groupings:

- REITs with a NAV equal or below $700 million (**"Size and Scale"**); and
- REITs with fund managers who are actively involved in the direct management of the properties in their portfolios (**"Active Managers"**).

BDOCF noted that there are limited comparables in terms of the GAV and NAV. We were able to obtain data for unlisted REITs as part of our analysis to allow for comparable portfolios below $100 million.

We have selected the aforementioned listed and unlisted REITs as we believe these portfolios are most comparable to Aspen Group.

A summary of our findings is set out below. Further information is included in Appendix 3.

Set out below is a comparison of investment management fees as a percentage of GAV and NAV.

Table 13: Summary of comparable investment management fees

	$' millions		Fees payable $'millions					Total fees payable	
REIT	GAV	NAV	Management	Property Management	RE	Other	Total	as a % of GAV	as a % of NAV
MHC Management Agreement	109.00	115.00	2.59	n/a	n/a	0.62	3.21	2.94%	2.79%
Size and Scale							-		
Agricultural Land Trust	21.88	10.33	0.00	n/a	0.05	n/a	0.05	0.24%	0.52%
Ante Real Estate Trust	64.85	(3.12)	n/a	n/a	0.38	0.84	1.21	1.87%	n/a
Arena REIT	699.41	531.64	4.30	0.83	n/a	n/a	5.13	0.73%	0.97%
Asia Pacific Data Centre Group	261.00	232.58	1.31	n/a	n/a	n/a	1.31	0.50%	0.56%
Blackwall Property Trust	271.48	151.43	n/a	0.58	1.39	n/a	1.97	0.73%	1.30%
Convenience Retail REIT	340.43	226.32	1.94	n/a	n/a	n/a	1.94	0.57%	0.86%
Elanor Retail Property Fund[1]	230.08	78.05	3.63	n/a	n/a	n/a	3.63	1.58%	4.65%
Garda Diversified Property Fund	283.93	177.88	n/a	n/a	1.49	2.05	3.54	1.25%	1.99%
Industra REIT	660.73	439.95	3.54	0.52	n/a	n/a	4.06	0.61%	0.92%
Rural Funds Group	357.52	378.74	2.66	n/a	n/a	3.56	6.22	1.74%	1.64%
Vitalharvest	82.50	145.40	0.50	n/a	0.15	n/a	0.65	0.79%	0.45%
Active Managers									
Aventus Retail Property Fund	1,886.90	1,175.20	9.94	16.77	n/a	n/a	26.70	1.42%	2.27%
Australian Unity Office Fund	635.60	434.91	n/a	0.80	3.29	n/a	4.08	0.64%	0.94%
Dexus	12,675.50	10,047.40	70.45	24.84	n/a	n/a	95.29	0.75%	0.95%
GDI Property Group[2]	722.04	690.58	0.65	n/a	0.11	18.45	19.21	2.66%	2.78%
Goodman Group[3]	8,360.10	9,173.70	n/a	2.01	n/a	114.09	116.11	1.39%	1.27%
GPT Group[3]	12,463.20	9,107.00	71.70	n/a	n/a	14.40	86.10	0.69%	0.95%
Growthpoint Properties Australia	3,291.80	2,156.97	n/a	n/a	n/a	38.15	38.15	1.16%	1.77%
Hotel Property Investments	700.22	406.73	3.10	n/a	n/a	6.70	9.80	1.40%	2.41%
Ingenia Communities	533.87	730.44	3.33	n/a	n/a	n/a	3.33	0.62%	0.46%
Mirvac Group	10,237.00	8,655.00	93.00	n/a	8.08	6.61	107.69	1.05%	1.24%
Propertylink Group	942.60	631.34	n/a	2.52	n/a	n/a	2.52	0.27%	0.40%
Redcape	969.30	548.30	4.85	10.47	n/a	2.85	18.17	1.87%	3.31%
Unlisted REITS									
Stockland Direct Retail Trust No.1	85.83	44.38	0.08	0.47	0.41	0.17	1.14	1.32%	2.56%
APN Coburg North Retail Fund	20.50	11.09	0.12	n/a	n/a	n/a	0.12	0.60%	1.11%
SCA Unlisted Retail Fund 1	55.10	28.38	0.48	n/a	n/a	n/a	0.48	0.88%	1.70%
SCA Unlisted Retail Fund 2	71.00	40.12	0.39	n/a	n/a	n/a	0.39	0.55%	0.97%
Average								1.03%	1.50%
Median								0.79%	1.18%
Max								2.66%	4.65%
Min								0.24%	0.40%

Source: Sample of listed and unlisted REIT annual financial statements and BDO analysis

Notes:

1. Elanor Retail Property Fund has a significant amount of debt on its balance sheet resulting in the total fees payable as a % of NAV being significantly higher than other REITs analysed.
2. The Annual Report for GDI Property Group did not disclose the split of the property management fees, as per our analysis of REITs, where applicable. BDOCF therefore utilised the gross property fees and did not exclude any rates, taxes and other fees that may not have been charged by the fund

manager. As noted this result is the top end of the total fees as a % of NAV analysis and may potentially not be factually accurate.

3. Goodman Group and GPT Group have 31 December 2017 financial year ends.

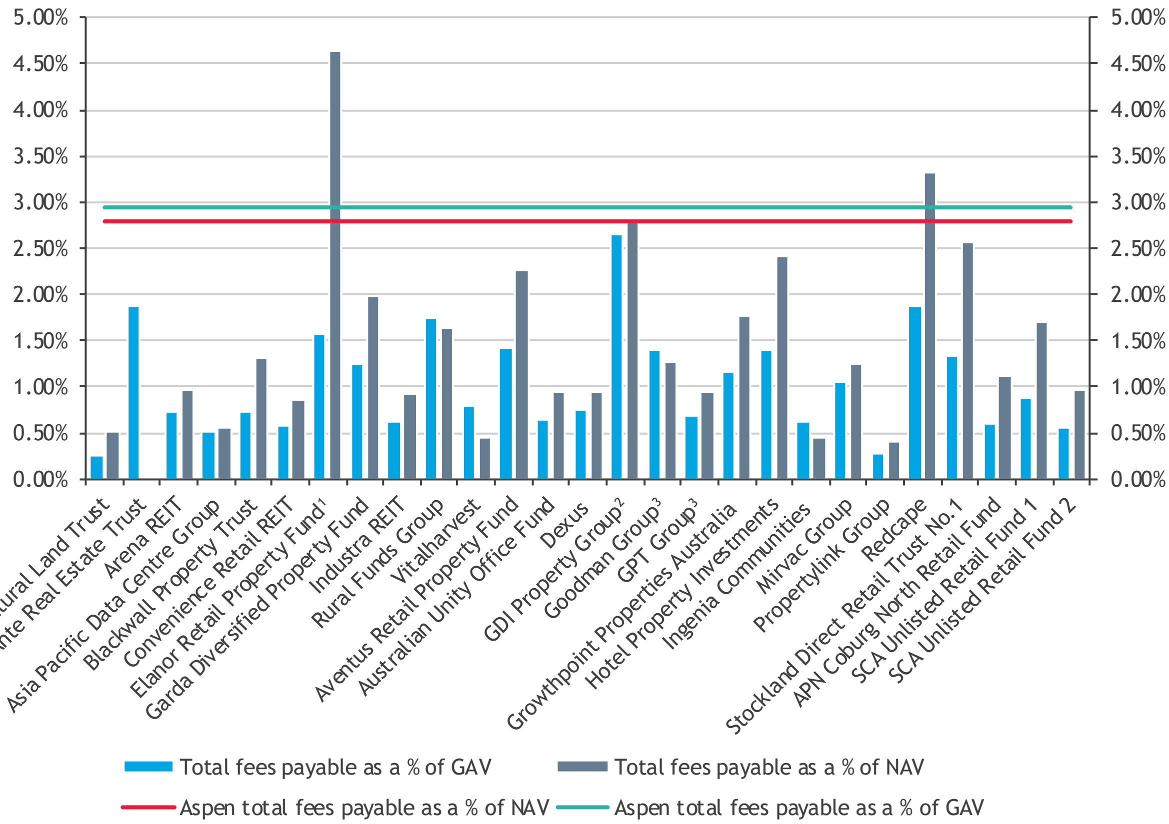
Industry practice predominantly calculates the investment management fees based on the GAV, however for the calculation per the MHC Management Agreement references NAV.

As can be noted above, the debt profile of a company has an effect on the total fees payable as a percentage of NAV, and therefore in our analysis we have focused on total fees payable as a percentage of GAV, as this is comparable across the portfolios selected.

Our analysis, in terms of total fees payable as a percentage of GAV, gives a range of 0.24% to 2.66% and an average and median result of 1.03% and 0.79%, respectively. Agricultural Land Trust only incurs RE fees of $51,970 as it is a passive manager of rural properties resulting in the lower end of the range of 0.24% noted. Excluding the outliers in the sample, being the Agricultural Land Trust and GDI Property Group, the overall average is 1.00%.

The data illustrates a tendency for Active Managers to incur higher investment management fees as a percentage of GAV and NAV, due to the additional fees related to property management, development and other fees incurred to manage the portfolios. The average for this segment with regards to total fees payable as a percentage of GAV is marginally higher at 1.17%.

Figure 3: Total fees payable as a percentage of GAV and NAV



Source: Sample of listed and unlisted REIT annual financial statements and BDO analysis

Total fees per the MHC Management Agreement as a percentage of GAV is 2.94%, which is higher than the average and above the top end of the range discussed above. We have discussed this finding with the Directors, who attribute MHC's high fees as a percentage of GAV in comparison with market peers primarily to the existing cost structure of Aspen Group that will be assumed by MHC. These costs primarily relate to employment costs.

5.3. Preferential rates

Management performed a comparison of the standard fees MHC charges for its four unlisted funds and the fees that the MHC intends to charge under the MHC Management Agreement:

Table 14: Market comparable investment management

Description	Standard Fee	Aspen Fee
Acquisition fee	1.5% of purchase price	0%
Performance fee	3.00% per annum of equity at the minimum targeted equity IRR of 15%	Base fee of 2.25% for first $115m of equity and 1.25% on additional amounts, plus performance fee of 0.5% per annum subject to a return hurdle of 8% per annum
Project management fee	7% of Total Project Costs	7% of Total Project Costs
Employee costs	Reimbursed for all non-MHCl employee costs of managing the properties and the fund	Reimbursed for all non-MHC employee costs of managing the properties and the fund
Capital raising fees	$ nil	$ nil

Source: Management provided schedule

The analysis shown above appears to indicate that Aspen Group will pay no acquisition and lower Performance Fees than MHC charges to other funds.

5.4. Reasonableness conclusion

As set out above, we have assessed a number of factors in our consideration of whether or not the MHC Appointment is reasonable to Non-Associated Securityholders.

The Cost Analysis (see Section 5.1) indicates an annual cost saving to Aspen Group of the MHC Appointment in the range of $273k to $853k, depending on the quantum of performance fees payable to MHC, based on budgeted Aspen Group costs for FY19.

The Fee Benchmarking (see Section 5.2) that we have performed puts fees payable by Aspen Group per the MHC Management Agreement at the top of the range of asset management fees we have been able to observe in the REIT sector. We have discussed this finding with the Directors who attribute this to Aspen Group's business being relatively more resource intensive (primarily employment costs) than other property funds and that MHC will assume much of the existing cost structure in order to deliver its services to Aspen Group.

As discussed in Section 2.3, the Directors' are of the view that MHC has greater expertise and a successful track record of acquiring, operating and developing affordable accommodation than Aspen Group's current Management and the MHC Appointment will result in meaningful cost savings. We also note that Aspen Group appears to be receiving better rates compared with the standard fees charged to other funds by MHC (see Section 5.3). MHC has waived any acquisition fees but is required by the MHC Management Agreement to offer Aspen Group 50% of any quality affordable accommodation asset investment opportunity that it identifies.

On balance, and in consideration of the above factors, our assessment is that the MHC Appointment is reasonable to Non-Associated Securityholders as it will deliver immediate cost savings to Aspen Group despite fees payable under the agreement appearing high in comparison with industry benchmarks.

5.5. Other matters

5.5.1. Securityholder's individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDOCF has not considered the effect of the MHC Appointment on the particular circumstances of individual Non-Associated Securityholders. Some individual Non-Associated Securityholders may place a different emphasis on various aspects of the MHC Appointment from that adopted in this IER. Accordingly, individual Non-Associated Securityholders may reach different conclusions as to whether or not the MHC Appointment is in their best interests according to their individual circumstances.

The decision of an individual Non-Associated Securityholders in relation to the MHC Appointment may be influenced by their particular circumstances and accordingly individual Non-Associated Securityholders are advised to seek their own independent advice.

Acceptance or rejection of the MHC Appointment is a matter for individual Non-Associated Securityholders based on their expectations as to the expected value, future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. Non-Associated Securityholders should carefully consider the Notice of Meeting. Individual Non-Associated Securityholders who are in doubt as to the action they should take in relation to the MHC Appointment should consult their professional adviser.

6. OVERALL OPINION

We have considered the terms of the MHC Appointment, as outlined in the body of this Report, and have concluded that the MHC Appointment, is NOT FAIR but is REASONABLE to Non-Associated Securityholders.

7. QUALIFICATIONS, DECLARATIONS AND CONSENTS

7.1. Qualifications

BDOCF is the licensed corporate advisory arm of BDO East Coast Practice, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr Stevens is the Director responsible for the preparation of this IER. Mr Stevens has over 20 years of experience in a number of specialist corporate advisory activities including company valuations advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Stevens is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr Sebastian Stevens, B.Bus, CPA is a Director of BDOCF. Mr Stevens is also a partner of BDO East Coast Practice.

Mr Daniel Coote, B. Com, CA, MAppFin is a Director of BDOCF. Mr Coote is also a partner of BDO East Coast Practice. Mr Coote has been responsible for the review of this IER.

7.2. Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

BDOCF considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC. BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for the Company in relation to the Proposed Transaction. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with Mill Hill or Aspen that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

BDOCF will receive a fee of approximately $40,000 plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to the Shareholders as a result of issuing the draft IER.

7.3. Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and Shareholders. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Shareholders without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and Shareholders in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, executives and Management of all the entities.

APPENDIX 1: GLOSSARY

Term	Definition
Active Managers	REITs with fund managers who are actively involved in the direct management of the properties in their portfolios
Act	Corporations Act 2001
AFML	Aspen Funds Management Limited
APES 225	Accounting Professional & Ethical Standards Board Limited issued professional standard APES 225 on valuation services
APPF	Aspen Parks Property Fund
Aspen Group or Company or Group	Aspen Group Limited and Aspen Property Trust
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
BDOCF, we, our or us	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
c.	circa
CAGR	Compounded annual growth rate
Change of RE	Proposal to change the RE of the Trust from AFML to Evolution Trustees
Cost Analysis	Cost Structure Pre and Cost Structure Post
Cost Structure Post	Aspen Group's maintainable forecast FY19 cost structure prior to the implementation of the MHC Appointment
Cost Structure Pre	Aspen Group's maintainable forecast FY19 cost structure post implementation of the MHC Appointment
DCF	Discounted cash flow method
Directors	The independent directors of Aspen
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
ESOP	Employee stock ownership plan
EV	Enterprise value
Evolution Trustees	Evolution Trustees Limited
FME	Capitalisation of future maintainable earnings
FOS	Financial Ombudsman Service Limited
FSG	Financial Service Guide
FYxx	Financial year ended/ending 30 June 20xx
GAV	Gross Asset Value
GST	Goods and Services Tax
IBC	Independent Board Committee
ina	Information not available
IRR	Internal Rate of Return
k	Thousand

Term	Definition
Licence	Australian Financial Services Licence No: 247420
LTM	Last 12 months
m	Millions
Management	Management of Aspen Group
MHC	Mill Hill Capital Pty Ltd
MHC Appointment	Proposal to change Aspen Group's investment manager from AFML to MHC
MHC Management Agreement	The investment management agreement to be entered into between MHC, the RE of the Trust and the Company
MHC Reimbursable Costs	Cost and expenses incurred by MHC in carrying out its mandate, per the MHC Management Agreement
NAV	Net asset value
Non-Associated Securityholders	Non-associated security holders of Aspen Group
NSW	New South Wales
NT	Northern Territory
NTM	Next 12 months
Performance Fee	Performance fee equal to 0.5% per annum (plus GST) of total book equity, subject to an accumulated return hurdle rate of 8% per annum, as defined in the MHC Management Agreement
Project Management Fee	Project management fee equal to 7% (plus GST) of total project costs relating to all projects payable to MHC, as defined in the MHC Management Agreement
Proposed Transactions	The MHC Appointment and Change of RE
PRP	Performance rishts plan
QMP	Quoted market price basis
RE	Responsible Entity
REIT	Real Estate Investment Trust
Report or IER	Independent expert's report
Regulations	Part 3 of Schedule 8 of the Corporations Act Regulations 2001 (Cth)
RG 76	ASIC Regulatory Guide 76 Related party transactions
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
SA	South Australia
Securityholders	An individual who owns an interest in Aspen Group
Section 411	Section 411 of the Corporations Act
SIBC	Stay in business capital
Size and Scale	Sample of REITs with a NAV equal or below $700 million
Trust	Aspen Property Trust
TSR	Total Shareholder Return
VED	Value enhancing developments
WA	Western Australia

APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- Draft Notice of Meeting
- Statutory accounts for the full years ended 30 June 2016, 30 June 2017, and 30 June 2018
- Management's budget for the year ended 30 June 2019
- Internal board presentations and strategy documents
- Aspen Shareholder Register dated 6 august 2018
- Various ASX announcements
- Various discussions with and information supplied by the Directors and Management of Aspen
- BDOCF analysis
- Mergermarket
- S&P Capital IQ
- Other generally available public information

APPENDIX 3: Market comparables

Company Name	Business Description	NAV ($m)	GAV ($m)
Listed REITs			
Agricultural Land Trust	Agricultural Land Trust engages in the investment and rental of rural properties in Australia. The company is based in Adelaide, Australia.	10.3	21.9
Ante Real Estate Trust	Ante Real Estate Trust engages in the property investment activities in the United States. The company's property portfolio comprises retail, office, and industrial properties located in New Jersey, Massachusetts, Illinois, New York, and New Hampshire. It was formerly known as Real Estate Capital Partners USA Property Trust. Ante Real Estate Trust is based in Sydney, Australia.	(3.1)	64.8
Arena REIT	Arena REIT is an ASX300 property group that owns, manages and develops social infrastructure property assets across Australia. Our current portfolio of social infrastructure property assets is leased to a diversified tenant base in the early learning and healthcare sectors	531.6	699.4
Asia Pacific Data Centre Group	APDC is a special purpose real estate investment trust (REIT) which has been established to own properties (land and buildings) that are operated or being developed as data centres. APDC has been established with the intention of providing investors with a stable income via quarterly distributions of cash flows and the potential for capital growth by investing in assets in a high growth and developing industry.	232.6	261.0
Aspen Group	Formed in 2001, Aspen Group is an ASX listed property group strategically focused on providing "value for money" accommodation. The accommodation sector is considered to have positive long term structural characteristics, with an enduring customer need and effective capital utilisation. Aspen has been a leading owner and manager of holiday and accommodation parks since 2004. Aspen currently owns 9 holiday and accommodation parks across Australia. An active acquisition programme is underway to expand the portfolio within the "value for money" accommodation sector.	114.7	127.7
Australian Unity Office Fund	Australian Unity Office Fund is a real estate investment trust (REIT) that owns a portfolio of eight office properties located across Australian metropolitan and central business district (CBD) office markets. The Fund's investment objective is to provide unitholders with sustainable income returns via quarterly distributions and the potential for capital growth over the long-term by investing in a portfolio of Australian office properties.	434.9	635.6
Aventus Retail Property Fund	Aventus Property Group (APG) is a specialist fund and asset manager of Large Format Retail (LFR) centres in Australia. Aventus Property Group has been established to provide management services to the Aventus Retail Property Fund, a managed investment trust that was listed in October 2015 to invest in Australian retail property, focusing on LFR centres. APG is jointly owned by entities associated with its CEO, Darren Holland and Brett Blundy who share over 60 years of retail and property experience and have developed significant insight into operations, property management, leasing, development and enhancement of retail and homemaker centres across Australia.	1,175.2	1,886.9
Blackwall Property Trust	Blackwall Property Trust is a real estate investment trust externally managed by BlackWall Fund Services Limited. It invests in the real estate markets across Australia. It primarily invests in the industrial, retail and commercial Australian properties, and unlisted property securities. Blackwall Property Trust is based in Australia.	151.4	271.5
Convenience Retail REIT	Convenience Retail REIT ('CRR') is a listed Australian Real Estate Investment Trust (REIT) listed on the ASX (ASX code: CRR) which owns high quality Australian service stations and convenience retail assets. CRR's portfolio of 69 properties valued at approximately $340 million, is predominantly located on Australia's eastern seaboard and is leased to leading Australian and international convenience retail tenants. The portfolio offers a long weighted average lease expiry and contracted annual rent increases providing the REIT with a strong level of income security. CRR has a target gearing range of 25 – 40% as part of its conservative approach to capital management. CRR is managed by APN Property Group Limited, an ASX listed company (ASX Code: APD) that has been managing real estate and real estate securities on behalf of institutional and retail investors since 1996. The REIT is governed by a majority independent Board.	226.3	340.4

Dexus	Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at $27.2 billion. We believe that the strength and quality of our relationships will always be central to our success and are deeply committed to working with our customers to provide spaces that engage and inspire. We invest only in Australia, and directly own $13.3 billion of office and industrial properties. We manage a further $13.9 billion of office, retail, industrial and healthcare properties for third party clients. The group's $4.2 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.7 million square metres of office workspace across 53 properties, we are Australia's preferred office partner. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 27,000 investors from 20 countries. With more than 30 years of expertise in property investment, development and asset management, we have a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for investors.	10,047.4	12,675.5
Elanor Retail Property Fund	Elanor Retail Property Fund is externally managed real estate investment fund investing in Australian retail property, focusing predominantly on quality, high yielding neighbourhood and sub-regional shopping centres. The strategy of Elanor Retail Property Fund is to acquire and unlock value in these assets to provide attractive cash flows and capital growth potential, to grow its investments under management through establishing new managed investment funds. The Elanor Retail Property Fund's business strategy will be implemented by a management team with experience in the identification of high-value investment assets and funds management opportunities	78.1	230.1
Garda Diversified Property Fund	Garda Diversified Property Fund is a real estate investment trust externally managed by Garda Capital Group. It invests in real estate markets of Australia. The fund intends to invest in commercial offices in city and suburban markets as well as industrial facilities along the eastern seaboard of Australia. Garda Diversified Property is domiciled in Australia.	177.9	283.9
GDI Property Group	GDI Property Group (GDI) is an ASX listed property owner and fund manager. We have a proud history of delivering strong returns to investors for over 25 years. Our Board and employees are passionate about property and about funds management. We aim to continue to grow the wealth of our investors, provide exceptional accommodation to our customers and be a highly respected brand in our community. Our success has been founded on a sound investment philosophy of buying well, managing well and selling well.	690.6	722.0
Goodman Group	Goodman Group is an integrated property group with operations throughout Australia, New Zealand, Asia, Continental Europe, the United Kingdom, North America and Brazil. Goodman Group, comprised of the stapled entities Goodman Limited, Goodman Industrial Trust and Goodman Logistics (HK) Limited, is the largest industrial property group listed on the Australian Securities Exchange and one of the largest listed specialist investment managers of industrial property and business space globally. Goodman's global property expertise, integrated own, develop, manage customer service offering and significant investment management platform ensures it creates innovative property solutions that meet the individual requirements of its customers, while seeking to deliver long-term returns for investors.	9,173.7	8,360.1
GPT Group	The GPT Group is one of Australia's largest diversified property groups and a top 50 ASX listed company by market capitalisation. GPT owns and manages a $21.5 billion portfolio of offices, logistics, business parks and prime shopping centres across Australia. The Group has a substantial investor base with more than 34,000 shareholders.	9,107.0	12,463.2
Growthpoint Properties Australia	Growthpoint Properties Australia is a publicly traded ASX listed A-REIT (ASX Code: GOZ) that specialises in the ownership and management of quality investment property. Growthpoint owns interests in a diversified portfolio of 57 office and industrial properties throughout Australia valued at approximately $3.4 billion and has an investment mandate to invest in office, industrial and retail property sectors. Growthpoint is included in the S&P/ASX 200 Index and has been issued with an investment grade rating of Baa2 for senior secured debt by Moody's. Growthpoint aims to grow its portfolio over time and diversify its property investment by asset class, geography and tenant exposure through individual property acquisitions, portfolio transactions and corporate activity (M&A transactions) as opportunities arise.	2,157.0	3,291.8
Hotel Property Investments	HPI owns a Portfolio of freehold pubs and associated specialty tenancies located throughout Queensland and South Australia. The pubs are leased to the Coles group ("Coles") and to Australian Leisure & Hospitality ("ALH"), a joint venture 75% owned by the Woolworths group. HPI's objective is to maximise the long term income and capital returns from its investments for the benefit of its Securityholders. Approximately 95% of the income is earned from the hotel leases to Coles and ALH. The majority of the Leases to Coles are on similar terms. Coles provide approximately 95% of HPI's rental income. The remaining rental income is derived from Speciality Tenants leasing the On-site Specialty Stores. Specialty Tenants include a mix of franchisors and franchisees including 7-Eleven, Nightowl, Nando's, Subway, Noodle Box and The Good Guys. The Responsible Entity of the Trust is Hotel Property Investments Limited.	406.7	700.2

Industra REIT	Industria (ASX code: IDR) is a listed Australian real estate investment trust which owns interests in office and industrial properties that provide functional and affordable workspaces for business. Industria's $676 million portfolio of 23 properties located across the major Australian cities provides sustainable income and capital growth prospects for security holders over the long term. Industria has a target gearing band of 30 – 40%, providing flexibility for future growth without compromising the low-risk approach to management. Industria is managed by APN Property Group, a specialist real estate investment manager established in 1996, and governed by a majority independent Board.	440.0	660.7
Ingenia Communities	Ingenia Communities (Ingenia) is a leading Australian property group that owns, operates and develops a growing portfolio of lifestyle communities across key urban and coastal markets. We are committed to creating communities where our residents and visitors can truly belong. Ingenia is an S&P/ASX 300 entity with a market capitalisation of over $500 million and listed on the Australian Securities Exchange under the stock market trading code 'INA'. The Group is supported by over 4,000 investors. With a positive impact on over 5,000 residents each and every day, our commitment to all stakeholders is to perform with integrity, foster respect for all and build community through continuous improvement in everything we do. The Group is supported by over 4,000 investors and has over 500 employees dedicated to creating community for our residents and guests.	533.9	730.4
Mirvac Group	Mirvac is a leading, diversified Australian property group, with an integrated development and asset management capability. We have 45 years of experience in the property industry and an unmatched reputation for delivering superior products and services across our businesses. Principally located in Australia's four key cities of Sydney, Melbourne, Brisbane and Perth, Mirvac owns and manages assets across the office, retail and industrial sectors, with over $17 billion of assets currently under management. Our development activities allow us to create and deliver innovative and high-quality commercial assets and residential projects for our customers, while driving long-term value for our securityholders. Our integrated approach gives us a competitive advantage in the creation of quality assets across the entire lifecycle of a project; from planning through to design, construction and development, leasing, property management and long-term ownership. Recognising the contribution, we make to Australia's major cities, our purpose, Reimagine Urban Life, inspires us to question how and why we do things. With a strong focus on our customers, we're asked to think about how we can redefine the landscape and create more sustainable, connected and vibrant urban environments, leaving a lasting legacy for generations to come.	8,655.0	10,237.0
Propertylink	Propertylink is an A-REIT, listed on the Australian Stock Exchange under the code "PLG". Propertylink is an internally managed real estate group that owns and manages a diversified portfolio of logistics, business park and office properties and is a leading investment and asset management business with A$1.8 billion of assets under management. Propertylink's integrated, in-house approach to active asset management is aimed at maximising the performance and value of assets under management for our global investors from North America, Europe, the Middle East, Asia and Australia.	631.3	942.6
Redcape	The Moelis Australia managed Redcape Hotel Group provides venues across NSW and Queensland where the community can enjoy quality entertainment and social interactions in a friendly and secure environment	ina	ina
Rural Funds Group	Rural Funds Group is a real estate investment trust externally managed by Rural Funds Management Limited. It invests in the real estate markets of Australia. The firm invests primarily in the agricultural assets. Rural Fund Group is based in Australia.	378.7	357.5
Vitalharvest	Vitalharvest's objective is to provide investors with exposure to real agricultural property assets whose earnings profile and underlying value are exposed to the growing global agricultural demand for nutritious, healthy food. The initial assets comprise one of the largest aggregations of berry and citrus farms in Australia and are leased to Costa Group (ASX:CGC) – Australia's leading horticulture company and largest fresh produce supplier. These assets provide agricultural diversification by way of crop type, climatic region, water source and product end markets.	145.4	82.5
Unlisted REITs			
Stockland Direct Retail Trust No.1	Stockland Direct Retail Trust No.1 is a fund that invests in two neighbourhood centres, located in Queensland and a large format centre loacated in New South Wales.	44.4	85.8
APN Coburg North Retail Fund	APN Coburg North Retail Fund is a single asset, closed-end unlisted property fund, which owns the Coburg Hill Shopping Centre anchored by Woolworths.	11.1	20.5
SCA Unlisted Retail Fund 1	SCA Unlisted Retail Fund 1 is an unlisted closed end unit trust that manages five newly constructed freestanding properties in NSW leased to Woolworths Limited.	28.4	55.1
SCA Unlisted Retail Fund 2	SCA Unlisted Retail Fund 2 is an unlisted closed end unit trust that manages two retail properties in Katoomba and Mittagong which are anchored by Woolworths and Dan Murphy's liquor store, respectively.	40.1	71.0

ACN 004 160 927

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Aspen Group Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1300 554 474

X99999999999

PROXY FORM

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

STEP 1

APPOINT A PROXY

☐ **the Chairman of the Meeting (mark box)**

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **2:00pm on Friday, 14 December 2018 at Hall & Wilcox, Level 9, 60 Castlereagh Street, Sydney 2000** (the **Meeting**) and at any postponement or adjournment of the Meeting.

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

STEP 2

VOTING DIRECTIONS

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

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

Resolutions	**For**	**Against**	**Abstain***
1 Appointment of Mill Hill Capital Pty Ltd as investment manager			

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

STEP 3

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)	Joint Securityholder 2 (Individual)	Joint Securityholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

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

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

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

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

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

To appoint a second proxy you must:

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

(b) return both forms together.

SIGNING INSTRUCTIONS

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

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

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

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

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

CORPORATE REPRESENTATIVES

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

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm on Wednesday, 12 December 2018,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

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

ONLINE

www.linkmarketservices.com.au

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

BY MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link **www.linkmarketservices.com.au** into your mobile device. Log in using the Holder Identifier and postcode for your securityholding.

To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.

BY MAIL

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

BY FAX

+61 2 9287 0309

BY HAND

delivering it to Link Market Services Limited*
Level 12
680 George Street
Sydney NSW 2000

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

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