



Aspen Group Limited
ABN 50 004 160 927

Aspen Property Trust
ARSN 104 807 767

Level 18, 9 Hunter Street
Sydney NSW 2000

Telephone: 02 9151 7500
Facsimile: 02 9151 7599

Email: homemail@aspengroup.com.au

MARKET RELEASE

ASX ANNOUNCEMENT 14 September 2015

Merger of Aspen Group and Aspen Parks Property Fund Creating a leader in value for money accommodation

Aspen Group (ASX: APZ) and Aspen Parks Property Fund (APPF) announce that they have entered into an agreement to merge the two groups (Merged Group), subject to certain conditions (Merger).

The Merged Group will be a leading specialist owner, manager, and developer of accommodation parks with a fully integrated management platform. The combined portfolio of 25 properties, comprising over 5,000 sites, valued at \$241 million will make it one of the largest accommodation park owner-operators in Australia.

The Merger will have a significant immediate positive impact on distributions, with the Merged Group forecast to have an FY16 pro forma distribution (on a full year basis) of 12.0 cents per security¹. This represents accretion of 28% over current FY16 distribution guidance to Aspen Group securityholders and reflects a 9.8% yield on Aspen Group's closing price on 11 September 2015 of \$1.225.

The Directors of Aspen Group and APPF consider the Merger is a compelling proposition for both sets of securityholders, unanimously recommend the Merger and intend to vote their securities in favour of the Merger².

Aspen Group's Chairman, Frank Zipfinger, said: "The Directors of Aspen Group and APPF consider the Merger is a strategic opportunity for both Aspen Group and APPF securityholders. In addition to delivering immediate significant benefits for both sets of securityholders, the Merger creates an improved platform for future value creation."

Commenting on the Merger, the CEO of Aspen Group, Clem Salwin, said: "The Merger of Aspen Group and APPF represents the final stage in Aspen Group's strategic change, to create a simplified business, focused on owning, managing and developing value for money accommodation.

"The Merged Group will have a stronger position to create shareowner value and to execute its strategy to optimise existing assets, expand the development pipeline and undertake acquisitions."

Key Merger terms

Aspen Group securityholders will receive 1 Merged Group security for each Aspen Group security.

APPF consideration represents a value of \$0.50 per APPF security³, which is an 8.2% premium to APPF NAV as at 30 June 2015.

APPF securityholder's may elect to retain scrip or receive cash as follows:

¹ Based on 2H FY16 distribution forecast of 6.0 cents per Merged Group security and no material change in business conditions.

² In the absence of a superior proposal and subject to an independent expert concluding the Merger is in the best interests of Aspen Group securityholders and APPF securityholders respectively.

³ Consideration represents the higher of the value received under (i) the Merger ratio (0.386) multiplied by the Aspen Group 10 day VWAP(\$1.23 as at 11 September 2015), or (ii) the sum of (a) 50% of capped cash consideration of \$0.52 and (b) 50% of the merger ratio multiplied by the Aspen Group 10 day VWAP.

- Scrip Option: APPF securityholders will receive 0.386 Merged Group securities for each APPF security⁴;
- Cash Option: APPF securityholders (other than Aspen Group) may choose to participate in a buy-back facility at \$0.52 per APPF security, subject to an overall cap of \$35 million⁵, which represents approximately 50% of total merger consideration (to APPF securityholders other than Aspen Group); or
- A combination of the Scrip Option and the Cash Option.

The Cash Option of \$0.52 per APPF security is equivalent to the Scrip Option at \$1.347 per Merged Group security.

Benefits for Aspen Group securityholders

- Increased exposure to a quality portfolio of assets
 - Opportunity for Aspen Group to deploy significant capital in a disciplined and value accretive way
 - Valued at a weighted average capitalisation rate of 13.1%, with all APPF properties independently valued during FY15
 - De-risked portfolio transaction given Aspen Group's knowledge of APPF
 - No additional management resources required to manage the enlarged portfolio
 - Consistent with Aspen Group's strategy of focusing on value for money accommodation
- Significant operating synergies
 - Estimated cost savings of approximately \$1.7 million in corporate overheads per annum upon full implementation, which equates to over 10% of pro forma FY16 distributable earnings
- A forecast 28% increase in distributions
 - The Merged Group FY16 pro forma distribution guidance (on a full year basis) is 12.0 cents per security⁶
- Appropriate capital structure
 - The Merged Group pro forma 30 June 2015 gearing is subject to the level of take up under the cash option with an initial range of 25% - 37%⁷
 - Post a sale of Spearwood South, pro forma gearing would range from 16% - 30%
 - Capacity to undertake accretive developments and acquisitions
- Improved access to capital markets
 - The Merger enlarges Aspen Group's investor and capital base creating the potential for increased trading of securities on the ASX

Benefits for APPF securityholders

The Merger provides significant benefits for APPF securityholders including:

- Improved liquidity
- Material 8.2% premium to NAV
- A forecast 16% increase in distributions⁸
- Appropriate capital structure
- Improved access to capital markets

⁴ Represents an implied value of \$0.48 per APPF security based on Aspen Group's 10 day VWAP of \$1.23 as at 11 September 2015. The implied value will change with movements in Aspen Group's security price.

⁵ If demand for the Cash Option exceeds the cap, APPF securityholders will retain some Merged Group securities under a pro rata scale back, they will have the option of selling these securities in a sale facility.

⁶ Based on 2H FY16 distribution forecast of 6.0 cents per security and no material change in business conditions.

⁷ The gearing range is based on the Cash Option either being taken up in full or not at all.

⁸ For those APPF securityholders who retain Merged Group Scrip.

- Opportunity to retain exposure to consistent investment strategy

These benefits are explained further in the presentation accompanying this announcement.

Indicative timetable

The Merger will be implemented by schemes of arrangement requiring approval by the APPF and Aspen Group securityholders and is currently expected to be implemented in December 2015.

The indicative timetable of the transaction is outlined below:

Date	Timing ⁹
Announcement of Merger	14 September 2015
First court hearing	October 2015
Scheme booklets released to Aspen Group and APPF securityholders	October 2015
Aspen Group and APPF securityholder meetings	November 2015
Second court hearing	December 2015
Merger implementation	December 2015

Distribution guidance

Aspen Group securityholders and APPF securityholders will be entitled to their respective distributions until Merger completion with a final distribution expected to be paid prior to Merger completion in December 2015.

The Merged Group distribution for the second half of FY16 is forecast to be 6.0 cents per security¹⁰.

Merger Implementation Deed

Aspen Group and APPF have entered into a Merger Implementation Deed to give effect to the Merger. A copy of the Merger Implementation Deed is appended to this announcement.

Advisers

Aspen Group has engaged UBS AG, Australia Branch as its financial adviser and King & Wood Mallesons as its legal adviser.

Presentation and market briefing

Aspen Group has released a detailed presentation to ASX today, providing an overview of the Merger. A market briefing for investors and analysts will also be held today at 10:30am Australian Eastern Standard Time (AEST).

Time	10:30am AEST
Conference call	Australia dial in: 1800 558 698 or 1800 809 971 Conference ID: 293944
Live webcast	http://webcasting.brrmedia.com/broadcast/55e8cb0b0ae02ebe1b2d573e

End

⁹ These dates are indicative only and are subject to change.

¹⁰ Based on the indicative timetable, assuming no material change in business conditions.

For further information please contact:

Clem Salwin

Chief Executive Officer

Phone: (+61) 2 9151 7500

Email: clems@aspengroup.com.au

General investor enquiries:

Phone: 1800 220 840 (8am-4pm AWST)

For media enquiries:

David Tasker

Professional Public Relations

Phone: (+61) 8 9388 0944

Mobile: (+61) 433 112 936

Email: david.tasker@ppr.com.au