



Aspen Parks Property Fund
ARSN: 108 328 669

Aspen Parks Property Management Ltd
ABN 91 096 790 331

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Continuous Disclosure

Aspen Parks Property Fund

Date: 14 September 2015

Title: Merger of Aspen Parks Property Fund and Aspen Group

Aspen Funds Management Limited as responsible entity for the Aspen Parks Property Fund ('the Fund') provides below a copy of correspondence issued to security holders today.



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Dear Securityholder,

On 14 September 2015 Aspen Parks Property Fund ("APPF") and Aspen Group announced that they had entered into an agreement to merge the two groups ("Merged Group"), subject to certain conditions ("Merger"). I am writing to you on behalf of the Independent Board Committee of APPF ("APPF IBC"), which was established to assess the merits of the Merger for APPF securityholders.

The APPF IBC considers that the Merger is a compelling opportunity to create value for APPF securityholders. Accordingly, the APPF IBC unanimously supports the Merger in the absence of a superior proposal, subject to the independent expert concluding the Merger is in the best interests of APPF securityholders.

You do not need to take any action in regard to the Merger at this point in time.
You are strongly encouraged to read this letter and the attached presentation thoroughly.

Further information, including an explanatory memorandum and notice of meeting, are expected to be distributed to securityholders around the end of October, and a securityholder meeting to vote on the Merger is to be held in late November. These timeframes are indicative only and are subject to change.

Merger Proposal

Consideration represents a value of \$0.50 per APPF security¹, which is a 8.2% premium to APPF NAV as at 30 June 2015.

The form of consideration will be at each APPF securityholder's election:

- **Scrip Option:** APPF securityholders will receive 0.386 Merged Group securities for each APPF security²; The value of the Merged Group securities will be based on the Aspen Group security price (10 day volume weighted average price as at 11 September 2015 was \$1.23), which is traded on the ASX and therefore subject to change; or

¹ Consideration represents the higher of the value received under (i) the Merger ratio (0.386) multiplied by the Aspen Group 10 day VWAP of \$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.

² 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.

- **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 million³, 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.

If total demand for the Cash Option exceeds the \$35 million cap, APPF securityholders will retain some Merged Group securities under a pro rata scale back. These securityholders will then have the option of either retaining the securities or selling the securities through a sale facility.

Rationale for the Merger and benefits for APPF securityholders

The Merged Group will be a leading owner, manager, and developer of value for money accommodation parks with a fully integrated management platform. The combined portfolio of 25 accommodation properties, with over 5,000 sites, valued at \$241 million, will make it one of the largest accommodation park operators in Australia. The Merged Group will be in a stronger position to create securityholder value and to execute its strategy to optimise existing assets, expand the development pipeline and undertake acquisitions. As an APPF securityholder, the Merger provides you with a number of important benefits:

1. **Improved liquidity:** with the option of receiving up to 100% consideration in cash⁴, or remaining invested in the ASX-listed Merged Group.
2. **A material 8.2% premium to net asset value and to any potential Withdrawal Offer value:** the Merger consideration represents a value of \$0.50⁵ per APPF security, a 8.2% premium to APPF's NAV of \$0.4622 as at 30 June 2015.
3. **A forecast 16% increase in distributions:** if you retain Merged Group securities as Merger consideration, the Merged Group is forecasting an FY16 annualised distribution of 12.0 cents per security⁶, equivalent to 4.6 cents per APPF security held, which is a 16% increase in distributions compared to APPF's current annualised distribution on a standalone basis. The Merged Group intends to pay distributions half yearly.
4. **Appropriate capital structure:** Pro forma 30 June 2015 gearing of the Merged Group is expected to be approximately 25%-37%, depending on the take up of the Cash Option, and will reduce to 16% - 30% post the sale of Spearwood South, an Aspen Group property. The capital structure provides the Merged Group capacity to undertake accretive developments and acquisition opportunities.
5. **Improved access to capital markets:** Greater access to equity and debt capital markets given an ASX listing and increased size of the Merged Group.
6. **Clear and consistent investment strategy:** if you retain Merged Group securities you will retain exposure to operating and investment strategies consistent with the current strategy of APPF.

³ 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.

⁴ Subject to the aggregate \$35 million Cash Option cap.

⁵ Consideration represents the higher of the value received under (i) the Merger ratio (0.386) multiplied by the Aspen Group 10 day VWAP of \$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.

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

Background to the Merger

In May 2015, APPF received an unsolicited and confidential, incomplete and non-binding expression of interest from Aspen Group to merge.

A potential for conflict arises because the majority of the APPF directors are also Aspen Group directors and because Aspen Group has a 42% holding in APPF securities. This potential conflict has been carefully considered in assessing the Merger proposal, and the following corporate governance steps have been taken to assess whether the Merger is in the best interests of APPF investors:

- an APPF IBC was established to assess the merits of the Merger and determine whether an agreement could be reached that was in the best interests of APPF securityholders. The APPF IBC comprises Mr Reg Gillard (independent non-executive director of Aspen Parks Property Management Ltd), Mr Hugh Martin (non-executive director of Aspen Parks Property Management and Aspen Funds Management Ltd) and Mr Clive Appleton (non-executive director of Aspen Funds Management Ltd).
- an independent financial adviser and an independent legal adviser have been appointed by the APPF IBC to assist in assessing the Merger from the perspective of APPF securityholders.
- the APPF IBC has assessed the merits of the Merger relative to APPF's current legal structure and financial position, the outlook for the accommodation sector and the APPF business, the desire of some securityholders for increased liquidity and other potential strategic alternatives.

In addition, a further step that the APPF IBC will take to safeguard the interests of APPF securityholders is to appoint an independent expert, to provide an independent opinion on whether the Merger is in the best interests of APPF securityholders. This opinion will be contained in the independent expert's report which will be included in the explanatory memorandum and notice of meeting to be mailed to APPF securityholders around the end of October.

Indicative timetable

The Merger will be implemented by schemes of arrangement requiring approval by APPF securityholders 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 ⁷
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

The processing of off-market transfers of securities is currently expected to be suspended once the explanatory memorandum and notice of meeting have been released to securityholders.

APPF securityholders will be entitled to their respective distributions until Merger completion with a final distribution expected as at Merger completion in December 2015.

⁷ These dates are indicative only and subject to change

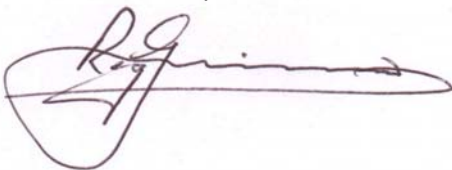
Conclusion

The Merger proposal represents an important strategic initiative for APPF. It resolves the limitations of APPF's current unlisted fund structure, including the limited liquidity available to securityholders and the limited access to equity funding.

The APPF IBC considers the Merger is a compelling proposition for APPF securityholders and unanimously recommends the Merger proposal in the absence of a superior proposal and subject to the independent expert concluding the Merger is in the best interests of APPF securityholders.

If you have any questions about the Merger please call Investor Services on 1800 220 840 (within Australia) or from New Zealand on +61 1800 220 840 between 8.00am and 4.00pm (AWST) Monday to Friday, or contact your financial adviser.

Yours faithfully,

A handwritten signature in purple ink, appearing to read 'Reg Gillard', with a long horizontal flourish extending to the right.

Reg Gillard
Independent Non-executive Director
Aspen Parks Property Management Limited