Aspen Group Limited
ABN 50 004 160 927

Aspen Property Trust
ARSN 104 807 767

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Sydney NSW 2000

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MARKET RELEASE

ASX ANNOUNCEMENT
30 October 2015

Draft disclosure material of the Initial Merger Proposal

Aspen Group (ASX:APZ) refers to the proposed merger of Aspen Group and Aspen Parks Property Fund (APPF) announced on 14 September 2015 ("Initial Merger Proposal").

Attached is the draft disclosure document as filed in the Supreme Court of New South Wales in relation to the Initial Merger Proposal. This document has been superseded by the announcements made today by Aspen Group and APPF detailing the terms of a revised proposal for the merger by stapling of the two groups ("Revised Merger Proposal").

The attached draft disclosure document, including the draft Independent Expert's Report, **is out of date and does not relate to the Revised Merger Proposal**. Given the attached draft disclosure document may be accessed by the public through the Court files, it is being released for information purposes only. **It should not be relied on by securityholders**.

Documentation relating to the Revised Merger Proposal, including an Independent Expert's Report, is expected to be released next week.

End

For further information please contact:	*For media enquiries:*
Clem Salwin Chief Executive Officer Phone: (+61) 2 9151 7500 Email: clems@aspengroup.com.au	David Tasker Professional Public Relations Phone: (+61) 8 9388 0944 Mobile: (+61) 433 112 936 Email: david.tasker@ppr.com.au

Explanatory Memorandum

Proposal for the merger of Aspen Group and Aspen Parks Property Fund

Vote in Favour

Your directors unanimously recommend that you vote in favour of the Resolutions to approve the Merger, in the absence of a superior proposal.

The Independent Expert has concluded that the Merger is fair and reasonable and in the best interests of Aspen Group securityholders and Aspen Parks Property Fund securityholders.

This is an important document and requires your immediate attention. You should read this Explanatory Memorandum and the accompanying Securityholder Booklet in full before deciding whether or not to vote in favour of the Resolutions to approve the Merger and, if necessary, consult your investment, financial, taxation or other professional adviser.

You can call the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday if you have any questions.

Aspen Parks Property Management Limited (ABN 91 096 790 331)
Aspen Funds Management Limited (ABN 48 104 322 278) (AFSL No. 227933) as responsible entity of the **Aspen Parks Property Trust** (ARSN 108 328 669)

Aspen Group Limited (ABN 50 004 160 927)
Aspen Funds Management Limited (ABN 48 104 322 278) (AFSL No. 227933) as responsible entity of the **Aspen Property Trust** (ARSN 104 807 767)

Financial adviser: UBS

Legal adviser: KING&WOOD MALLESONS

Important Notices

This Explanatory Memorandum contains information from Aspen Parks Property Management Limited (ABN 91 096 790 331) (**APPML**) and Aspen Funds Management Limited (ABN 48 104 322 278) (AFSL No. 227933) (**AFML**) as responsible entity of Aspen Parks Property Trust (ARSN 108 328 669) (**APPT**) (together with their respective related bodies corporate, **APPF**), and Aspen Group Limited (ABN 50 004 160 927) (**AGL**) and AFML as responsible entity of Aspen Property Trust (ARSN 104 807 767) (**APT**) (together with their respective related bodies corporate, **Aspen Group**).

General

This Explanatory Memorandum is an important document and requires your immediate attention. You should read the Explanatory Memorandum and accompanying Securityholder Booklet carefully and in its entirety before deciding how to vote on the Resolutions to be considered at the Meetings. If you are in doubt as to what you should do, you should consult your financial, investment, taxation or other professional adviser.

In particular, in considering the prospects of the Merged Group, it is important to consider the benefits, disadvantages and risk factors identified in Sections 3, 4 and 9 of this Explanatory Memorandum, and the views of the Independent Expert set out in the Independent Expert's Report (Annexure A to this Explanatory Memorandum). You should carefully consider these factors in light of your particular investment objectives, financial situation, tax position and individual needs.

Purpose of this Explanatory Memorandum

This Explanatory Memorandum, together with the Securityholder Booklets, contains details of the proposal to merge Aspen Group and APPF, and the approvals that are required to implement this Merger.

For the Merger to proceed, APPF securityholders will need to approve the APPF Resolutions (other than the APPML Director Appointment Resolutions) and Aspen Group securityholders will need to approve the Aspen Group Resolutions, at their respective Meetings. This Explanatory Memorandum contains important information to assist you in considering the Resolutions.

For APPF securityholders: The APPF Notices of Meeting are set out as Annexures to the APPF Securityholder Booklet. If you are an APPF securityholder and are unable to attend the APPF Meetings in person, please complete and return the APPF Proxy Forms enclosed with the APPF Securityholder Booklet.

For Aspen Group securityholders: The Aspen Group Notices of Meeting are set out as Annexures to the Aspen Group Securityholder Booklet. If you are an Aspen Group securityholder and are unable to attend the Aspen Group Meetings in person, please complete and return the Aspen Group Proxy Forms enclosed with the Aspen Group Securityholder Booklet.

This Explanatory Memorandum contains an Independent Expert's Report by KPMG Corporate Finance, an Investigating Accountant's Report by PricewaterhouseCoopers Securities Ltd and a Taxation Report by King & Wood Mallesons.

Status of this document

For APPF securityholders: This Explanatory Memorandum, together with the APPF Securityholder Booklet comprises an explanatory statement and notices of meeting for APPF securityholders in relation to the APPF Resolutions required to implement the Merger, including:

- an explanatory statement required by section 412(1) of the Corporations Act in relation to the APPML Scheme;
- an explanatory statement required by section 256C(4) of the Corporations Act in relation to the Capital Reduction Resolution set out in the Notices of General Meeting – Aspen Parks Property Fund; and
- an explanatory statement required by section 219 of the Corporations Act, in relation to the giving of related party benefits under the Merger, as contemplated by the Stapling Deed Resolution set out in the Notices of General Meeting – Aspen Parks Property Fund.

For Aspen Group securityholders: This Explanatory Memorandum, together with the Aspen Group Securityholder Booklet comprises an explanatory statement and notices of meeting for Aspen Group securityholders in relation to the Aspen Group Resolutions required to implement the Merger, including:

- an explanatory statement required by section 412(1) of the Corporations Act in relation to the AGL Scheme;
- an explanatory statement required by section 256C(4) of the Corporations Act in relation to the Capital Reduction Resolution set out in the Notices of General Meeting – Aspen Group; and
- an explanatory statement required by section 219 of the Corporations Act, in relation to the giving of related party benefits under the Merger, as contemplated by the Stapling Deed Resolution set out in the Notices of General Meeting – Aspen Group.

This Explanatory Memorandum also comprises:

- a product disclosure statement (**PDS**) for the purposes of Chapter 7 of the Corporations Act, issued by AFML (in its capacity as responsible entity of APPT), in relation to the issue of APPT units;
- a PDS for the purposes of Chapter 7 of the Corporations Act, issued by AFML (in its capacity as responsible entity of APT), in relation to the issue of APT units;
- a prospectus issued by APPML in relation to the issue of APPML shares; and
- a prospectus issued by AGL in relation to the issue of AGL shares.

This Explanatory Memorandum, the APPF Securityholder Booklet and the Aspen Group Securityholder Booklet (**Disclosure Documents**) were lodged with ASIC on 19 October 2015. A copy of the Disclosure Documents have also been lodged with the ASX.

Neither ASIC, the ASX or their respective officers takes any responsibility for the contents of the Disclosure Documents.

Lodgement

For APPF securityholders: A copy of the Explanatory Memorandum (including the Independent Expert's Report, Investigating Accountant's Report and Taxation Report) and the APPF Securityholder Booklet have been lodged with, and registered by, ASIC for the APPML Scheme for the purposes of section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the APPML Scheme. If ASIC provides that statement in respect of the APPML Scheme it will be produced to the Court at the time of the APPML Second Court Hearing.

For Aspen Group securityholders: A copy of the Explanatory Memorandum (including the Independent Expert's Report, Investigating Accountant's Report and Taxation Report) and the Aspen Group Securityholder Booklet have been lodged with, and registered by, ASIC for the AGL Scheme for the purposes of section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the AGL Scheme. If ASIC provides that statement in respect of the AGL Scheme it will be produced to the Court at the time of the AGL Second Court Hearing.

Important Notice associated with Court Order under subsection 411(1) of Corporations Act

The fact that under subsection 411(1) of the Corporations Act the Court has ordered that meetings be convened and has approved this Explanatory Memorandum and the APPF Securityholder Booklet or the Aspen Group Securityholder Booklet (as relevant) does not mean that the Court:

a. has formed any view as to the merits of the proposed schemes or how members should vote (on this matter members must reach their own decision); or

b. has prepared, or is responsible for the content of, this Explanatory Memorandum, the APPF Securityholder Booklet or the Aspen Group Securityholder Booklet (as relevant).

The above important notice applies equally in relation to the giving of judicial advice by the Court in respect of the APT Trust Scheme and the APPT Trust Scheme.

Notice of Second Court Hearing

For APPF securityholders: At the Second Court Hearing, the Court will consider whether to approve the APPML Scheme following the vote at the APPML Scheme Meeting and whether to grant judicial advice in respect of the APPT Trust Scheme.

Any APPF securityholder may appear at the Second Court Hearing, expected to be held at 9.30am (Sydney time) on Friday, 4 December 2015 at the Supreme Court of New South Wales, 184 Phillip Street, Sydney.

Any APPF securityholder who wishes to oppose the approval of the APPML Scheme or the granting of the judicial advice in respect of the APPT Trust Scheme at the Second Court Hearing may do so by filing with the Court and serving on APPML or APPT RE a notice of appearance in the prescribed form together with any affidavit that the APPF securityholder proposes to rely on.

For Aspen Group securityholders: At the Second Court Hearing, the Court will consider whether to approve the AGL Scheme following the vote at the AGL Scheme Meeting and whether to grant judicial advice in respect of the APT Trust Scheme.

Any Aspen Group securityholder may appear at the Second Court Hearing, expected to be held at 9.30am (Sydney time) on Friday, 4 December 2015 at the Supreme Court of New South Wales, 184 Phillip Street, Sydney.

Any Aspen Group securityholder who wishes to oppose the approval of the AGL Scheme or the granting of the judicial advice in respect of the APT Trust Scheme at the Second Court Hearing may do so by filing with the Court and serving on AGL or APT RE a notice of appearance in the prescribed form together with any affidavit that the Aspen Group securityholder proposes to rely on.

Listing of APPF on the ASX

If the Merger is implemented, the APPF Entities will become stapled to the Aspen Group Entities and the APPF Entities will be admitted to the Official List of ASX. APPML and AFML (as responsible entity of APPT) will apply for quotation on ASX of, respectively, the new APPML shares and new APPT units issued as part of the Merger (as components of the Merged Group Securities) within 7 days of the date of this Explanatory Memorandum. The fact that the ASX may agree to have APPML shares and APPT units quoted (as components of the Merged Group Securities) is not to be taken in any way as an indication of the merits of the Merged Group or any of its constituent entities.

If APPML shares and APPT units are not admitted to quotation (as components of the Merged Group Securities) within 3 months of the date of this Explanatory Memorandum, the Merger will not proceed.

Responsibility statement

Except as outlined below, APPF takes full responsibility for the information in relation to APPF set out in the Disclosure Documents and Aspen Group takes full responsibility for the information in relation to Aspen Group set out in the Disclosure Documents. Each of APPF and Aspen Group takes full responsibility for the information in relation to the Merged Group set out in the Disclosure Documents.

KPMG Corporate Finance has prepared the Independent Expert's Report (as set out in Annexure A to this Explanatory Memorandum) and takes responsibility for that report. None of APPF, Aspen Group, nor any of their respective subsidiaries, directors, officers, employees or advisers assumes any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report.

PricewaterhouseCoopers Securities Ltd has prepared the Investigating Accountant's Report (as set out in Annexure B to this Explanatory Memorandum) and takes responsibility for that report. None of APPF, Aspen Group, nor any of their respective subsidiaries, directors, officers, employees or advisers (other than PricewaterhouseCoopers Securities Ltd) assumes any responsibility for the accuracy or completeness of the information contained in the Investigating Accountant's Report.

King & Wood Mallesons has prepared the Taxation Report (as set out in Annexure C to this Explanatory Memorandum) and takes responsibility for that report. None of APPF, Aspen Group, nor any of their respective subsidiaries, Directors, officers, employees or advisers (other than King & Wood Mallesons) assumes any responsibility for the accuracy or completeness of the information contained in the Taxation Report.

Not investment advice

The information provided in the Disclosure Documents does not constitute investment or financial product advice and has been prepared without taking into account your particular investment objectives, financial situation, tax position and individual needs.

It is important that you read the relevant Disclosure Documents carefully and in their entirety before making any investment decision and before deciding how to vote on the Resolutions. You should carefully consider whether that decision is appropriate in light of your particular investment objectives, financial situation, tax position and individual needs and consult your financial, investment, taxation or other professional adviser.

Some of the risk factors that you should consider before making any investment decision and before deciding how to vote on relevant Resolutions are outlined in Section 9. There may be risk factors in addition to these that should be considered in light of your individual circumstances.

In assessing any historical information about any of the Merger Entities, you should be aware that past performance is no indication of future performance.

Statements or representations

No person is authorised to give any information or make any representation in connection with the Merger described in the Disclosure Documents, which is not contained in the Disclosure Documents. Any information or representation not contained in the Disclosure Documents may not be relied on as having been authorised by APPF or Aspen Group in connection with the Merger.

Forward looking statements

Some of the statements appearing in the Disclosure Documents may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in the Disclosure Documents should not be taken to be a forecast or prediction that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", "forecast", or other similar words.

These forecasts and forward looking statements are subject to various risk factors that could cause Aspen Group's, APPF's and/or the Merged Group's actual results to differ materially from the results expressed or anticipated in these forecasts or statements. These risk factors are set out in Section 9 of this Explanatory Memorandum. None of APPF, Aspen Group, the Merged Group, their respective Directors or officers, or any person named in the Disclosure Documents or involved in the preparation of the Disclosure Documents makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Except where required by law, APPF, Aspen Group, and their respective Directors and officers disclaim any obligation or undertaking to distribute after the date of this Explanatory Memorandum, any updates or revisions to any forward looking statements to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

The forward looking statements in the Disclosure Documents reflect views held only at the date of this Explanatory Memorandum.

Past performance information

The Disclosure Documents contain information relating to the past performance of Aspen Group and APPF. Past performance information may not be a reliable indicator of the performance of Aspen Group, APPF or the Merged Group going forward.

Up to date information

APPF and/or Aspen Group (as relevant) will issue or procure the issue of a supplementary document to this Explanatory Memorandum and/or the relevant Securityholder Booklet (as relevant) if APPF and/or Aspen Group (as relevant) become aware of any of the following between the date of this Explanatory Memorandum and the Implementation Date:

- a material statement in a Disclosure Document is misleading or deceptive;
- a material omission from a Disclosure Document; or
- a new circumstance has arisen which would have been required to be included in a Disclosure Document if known at the date of this Explanatory Memorandum.

However, if the change will not be materially adverse, a supplementary document may not be issued. Updated information that is not materially adverse may change from time to time, and will be made available to you on APPF and/or Aspen Group's website (as relevant) at www.aspenfunds.com.au/funds in relation to APPF and at www.aspengroup.com.au in relation to Aspen Group. A paper copy of any updated information is available free on request. You can also call the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

Foreign jurisdictions

The Merger relates to the securities of Australian entities. The Disclosure Documents comply with the disclosure requirements of Australia, which may be different from the requirements applicable in other jurisdictions.

The Disclosure Documents do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the Merged Group Securities, AGL shares, APPML shares, APT units or APPT units in any jurisdiction outside of Australia.

The distribution of the Disclosure Documents (electronically or otherwise) outside Australia may be restricted by law. If you come into possession of any Disclosure Documents (electronically or otherwise), you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may convene applicable securities laws.

The Disclosure Documents do not constitute an offer to any person in the US, any US person (as such term is defined in Regulation S under the U.S. Securities Act of 1933) (**U.S. Securities Act**) (**U.S. Person**) or any person acting for the account or benefit of a U.S. Person. Securities may not be offered or sold in the US or to, or for the account or benefit of, U.S. Persons unless they are registered under the U.S. Securities Act or exempt from registration.

Only Securityholders with a registered address in Australia or New Zealand on the Record Date are eligible to participate in the Merger, and the Disclosure Documents are addressed only to them.

Ineligible Foreign Securityholders will have the Merged Group Securities to which they would otherwise be entitled sold in the Sale Facility. The price received in the Sale Facility will be the Sale Facility Price, and the Sale Facility Price will vary with the market price of Merged Group Securities. For further details on Ineligible Foreign Securityholders and the Sale Facility see Section 10.10.

Warning for New Zealand investors

The warning statement below is required under the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 (New Zealand).

This Merger proposal made to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Merger and the contents of the Disclosure Documents are principally governed by Australian rather than New Zealand law.

There are differences in how securities are regulated under Australian law. In the main, these are set out in the Corporations Act and Regulations (Australia). For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Merger proposal. If you need to make a complaint about this Merger proposal, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The currency for the securities is Australian dollars and not New Zealand dollars. The value of the securities in New Zealand dollars will go up or down according to changes in the exchange rate between Australian dollars and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from the securities markets that operate in New Zealand.

The dispute resolution process described in this Explanatory Memorandum is only available in Australia and is not available in New Zealand.

The invitation to approve the stapling of securities to form the Merged Group is a variation to your existing securities and is therefore an offer under New Zealand securities law (**Variation Offer**). The Variation Offer is being made to New Zealand resident shareholders in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This offer document has been prepared in compliance with Australian law and is not an investment statement, prospectus or product disclosure statement under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the New Zealand Securities Act 1978, New Zealand Financial Markets Conduct Act 2013 or any other relevant law in New Zealand. It may not contain all the information that an investment statement, prospectus or product disclosure statement under New Zealand law is required to contain. It is a term of this Variation Offer that the offer of securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer that apply in Australia.

Implied value

APPF securityholders have the option to elect to receive Merger Consideration in the form of cash or Merged Group Securities.

To the extent that APPF securityholders retain Merger Consideration in the form of Merged Group Securities, any reference to the implied value of the Merger Consideration is not fixed. In this case, the implied value of the Merger Consideration will vary with the market price of Merged Group Securities, which in turn may be impacted by the take-up of the Cash Option by APPF securityholders, amongst other factors.

This also applies to Ineligible Foreign Securityholders who will have the Merged Group Securities to which they would have otherwise been entitled sold in the Sale Facility. The price received in the Sale Facility will be the Sale Facility Price, and the Sale Facility Price will vary with the market price of Merged Group Securities.

Currency

All references in the Disclosure Documents to money or financial amounts are to amounts in Australian currency, unless otherwise indicated.

Diagrams

Diagrams used in the Disclosure Documents are illustrative only and may not be drawn to scale.

Privacy and personal information

APPF and Aspen Group and their respective share registries may collect personal information in the process of implementing the Merger and administering the securityholdings arising from the Merger. The type of information that it may collect about you includes your name, contact details and information on your securityholding in APPF or Aspen Group and the names of persons appointed by you to act as a proxy or duly appointed corporate representative.

The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist APPF and Aspen Group to conduct the securityholder meetings and other administrative tasks required to approve the Merger and administer your securityholder thereafter if the Merger is approved. Without this information, APPF and Aspen Group may not be able to register your securityholding following the Merger, if approved.

Personal information of the type described above may be disclosed to APPF if you are an Aspen Group securityholder but not an APPF securityholder, or to Aspen Group if you are an APPF securityholder but not an Aspen Group securityholder. It may also be disclosed to Link Market Services Limited, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the APPF Meetings and the Aspen Group Meetings), authorised securities brokers, professional advisers, related bodies corporate of APPF or Aspen Group, regulatory authorities, and also where disclosure is otherwise required or allowed by law.

APPF securityholders and Aspen Group securityholders who are individuals have certain rights to access the personal information collected in relation to them. If you would like to obtain details of information about you held by APPF or Aspen Group, or complain about a breach of privacy in how APPF or Aspen Group handle your personal information, please see, respectively, APPF's Privacy Policy at http://www.aspenfunds.com.au/privacy or Aspen Group's Privacy Policy at http://www.aspengroup.com.au/privacy_policy/ for details. APPF securityholders and Aspen Group securityholders who appoint an individual as their proxy or duly appointed corporate representative to vote at their respective Meetings should ensure that they inform such an individual of the matters outlined above.

Additional information

If, after reading the Disclosure Documents, you have any questions regarding the Merger, you can call the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

Time

Unless stated otherwise, references to time are to Sydney time.

Defined Terms

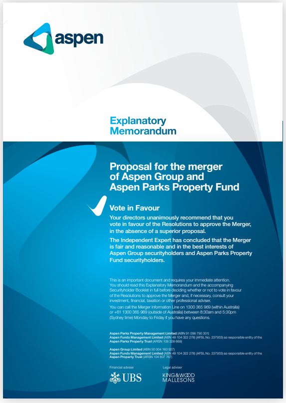
Capitalised terms are defined in the Glossary in section 13 of this Explanatory Memorandum.

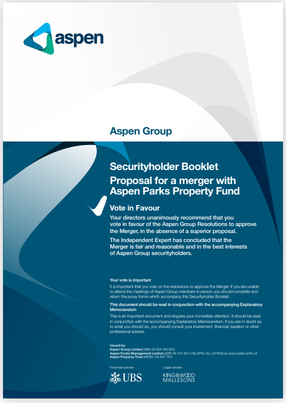
Date

This Explanatory Memorandum is dated [XX] October 2015.

Actions Required

of Aspen Group Securityholders and APPF Securityholders





For Aspen Group Securityholders

Step 1:
Read the documents in full

The **Explanatory Memorandum** and **Aspen Group Securityholder Booklet** contain details of the Merger and set out the key anticipated benefits and possible disadvantages of the Merger. This information is important. You should read the Explanatory Memorandum and Aspen Group Securityholder Booklet carefully and seek your own independent advice.

If you have any questions about your Aspen Group securities or any matter contained in these documents, you can call the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

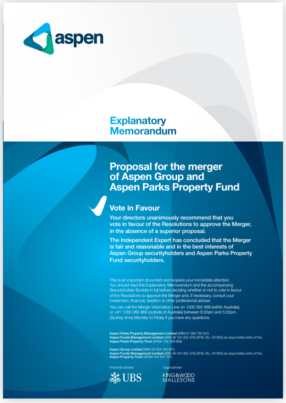
Step 2:
Vote on the resolutions

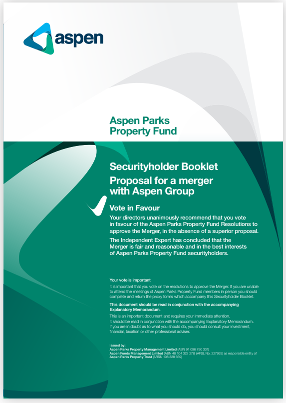
It is very important that that you vote on the resolutions to approve the Merger.

The Independent Expert, KPMG Corporate Finance, has concluded that the Merger is fair and reasonable and in the best interests of Aspen Group securityholders.

The Aspen Group Directors have unanimously determined that the Merger is fair and reasonable and in the best interests of Aspen Group securityholders and unanimously recommend that you vote in favour of the Merger, in the absence of a superior proposal.

If you are unable to attend the meetings of Aspen Group securityholders in person you should complete and return the Aspen Group Proxy Forms so as to be received before 9.30am (Sydney time) on Monday, 30 November 2015 in respect of the AGL Scheme Meeting Proxy Form and before 10.00am (Sydney time) on Monday, 30 November 2015 in respect of the Aspen Group General Meetings Proxy Form.





For APPF Securityholders

Step 1: Read the documents in full

The **Explanatory Memorandum** and **APPF Securityholder Booklet** contain details of the Merger and set out the key anticipated benefits and possible disadvantages of the Merger. This information is important. You should read the Explanatory Memorandum and APPF Securityholder Booklet carefully and seek your own independent advice.

If you have any questions about your APPF securities or any matter contained in these documents, you can call the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

Step 2: Vote on the resolutions

It is very important that that you vote on the resolutions to approve the Merger.

The Independent Expert, KPMG Corporate Finance, has concluded that the Merger is fair and reasonable and in the best interests of APPF securityholders.

The APPF Directors have unanimously determined that the Merger is fair and reasonable and in the best interests of APPF securityholders and unanimously recommend that you vote in favour of the Merger, in the absence of a superior proposal.

If you are unable to attend the meetings of APPF securityholders in person you should complete and return the APPF Proxy Forms so as to be received before 11.00am (Sydney time) on Monday, 30 November 2015 in respect of the APPML Scheme Meeting Proxy Form and 11.30am (Sydney time) on Monday, 30 November 2015 in respect of the APPF General Meetings Proxy Form.

Step 3: Decide if you want to retain Merged Group Securities or receive cash, or receive a combination of both

APPF securityholders (other than Ineligible Foreign Securityholders – see Section 10.10) may elect to retain Merged Group Securities or receive cash as follows:

- Securities Option: APPF securityholders will retain 0.386 Merged Group Securities for each APPF security;[1]
- 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 million,[2] which represents approximately 50% of total merger consideration to APPF securityholders (other than Aspen Group) and if the cap is reached, sell the remainder of their Merged Group Securities in the Sale Facility; or
- A combination of the Securities Option and the Cash Option.

You may still vote on the Merger even if you elect to choose the Cash Option.

All APPF securityholders on the Record Date whose address on the APPF Register is outside Australia or New Zealand will have the Merged Group Securities to which they would otherwise be entitled sold in the Sale Facility, with the sale proceeds remitted in cash.

The APPF Directors do not make any recommendation as to whether APPF securityholders should elect to retain Merged Group Securities or receive cash, or a combination of both.

You should consult your investment, financial, taxation or other professional adviser as soon as possible to determine whether you should elect to retain Merged Group Securities or receive cash, or a combination of both.

1 Represents an implied value of $0.54 per APPF security based on Aspen Group's 10 day VWAP of $1.41 as at 16 October 2015. The implied value will change with movements in Aspen Group's security price.

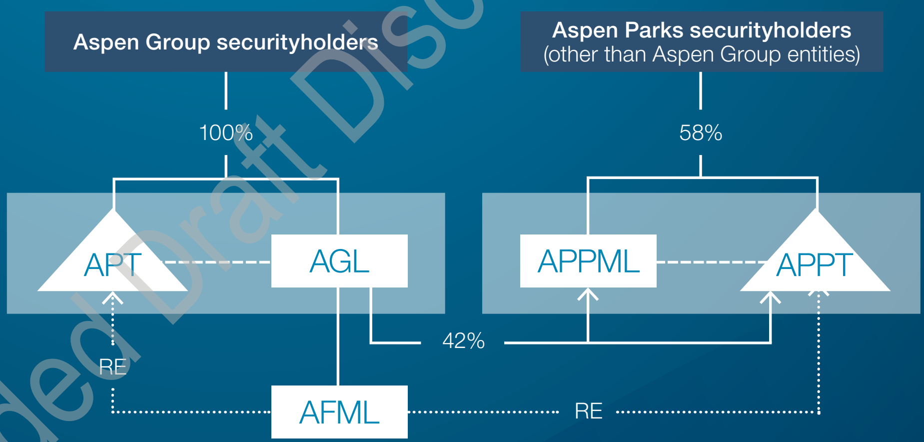
2 If demand for the Cash Option exceeds the cap, APPF securityholders will retain some Merged Group securities under a pro rata scale back, however they will have the option of selling these securities via a sale facility.

Merger Overview

Starting Structure of Aspen Group and APPF

Aspen Group is an ASX listed stapled group comprising AGL and APT. The responsible entity of APT is AFML. AFML is a wholly owned subsidiary of AGL. Aspen Group securities trade as stapled securities, each comprising one AGL share and one APT unit.

APPF is an unlisted stapled group comprising APPML and APPT. The responsible entity of APPT is AFML. APPF securities each comprise one APPML share and one APPT unit. Aspen Group owns approximately 42% of Aspen Parks Property Fund.

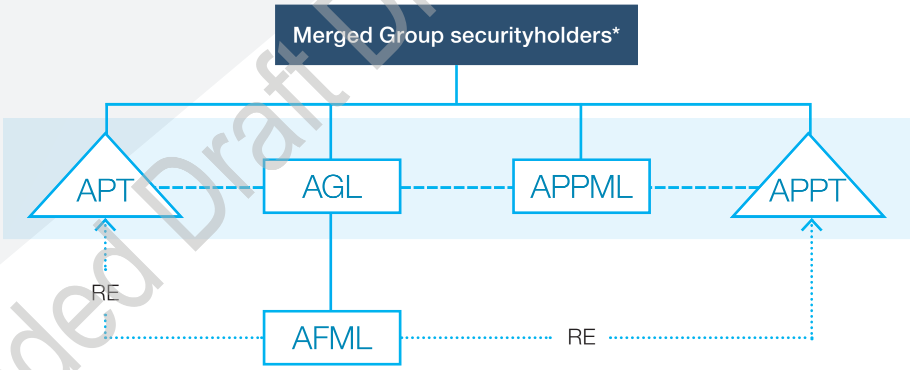


The Merger

Aspen Group will merge with APPF by stapling the Aspen Group securities and APPF securities. The Merged Group Securities will each comprise one AGL share, one APT unit, one APPML share and one APPT unit. The Merged Group will be listed on ASX and Merged Group Securities will be quoted and traded on ASX.

Aspen Group securityholders will receive one Merged Group Security for each Aspen Group security they hold on the Record Date (expected to be 10 December 2015). The Aspen Group Securityholders will also receive the Aspen Group Special Distribution, being a distribution for the period from 1 July 2015 to the Record Date.

APPF securityholders will receive 0.386 Merged Group Securities for each APPF security they hold on the Record Date and can participate in Cash Option. APPF securityholders will be entitled to, the November 2015 distribution, plus the APPF Special Distribution, being a distribution for the period from 1 December 2015 to the Record Date.



* Former Aspen Group securityholders and APPF securityholders (other than Aspen Group, APPF securityholders who sell all their Merged Group Securities under the Cash Option and Ineligible Foreign Securityholders).

Key dates

Event	Indicative Date
Latest time and date to lodge APPF Election Form	5.00pm, 25 November 2015
ASX Announcement of Election results and whether the buy-back cap of $35 million under the Cash Option has been exceeded and proportional scale back applies	26 November 2015
Latest time and date to lodge AGL Scheme Meeting Proxy Form	9.30am, 30 November 2015
Latest time and date to lodge Aspen Group General Meetings Proxy Form	10.00am, 30 November 2015
Latest time and date to lodge APPML Scheme Meeting Proxy Form	11.00am, 30 November 2015
Latest time and date to APPF General Meetings Proxy Form	11.30am, 30 November 2015
Record date for the APPF distribution for the month ending 30 November 2015	30 November 2015
APPF Meetings and Aspen Group Meetings	2 December 2015
Second Court Hearing (for approval of the Merger by the Court)	4 December 2015
Effective Date Last day to transfer existing APPF securities Last day of trading in existing Aspen Group securities	7 December 2015
Commence trading in Merged Group Securities on a deferred settlement basis (ASX code: APZDC)	8 December 2015
Record Date for Merger (including Aspen Group Special Distribution and APPF Special Distribution)	7.00pm, 10 December 2015
Implementation Date*	15 December 2015
Trading in Merged Group Securities on a normal settlement basis commences (ASX code: APZ)	16 December 2015
Payment of cash proceeds to APPF securityholders under the Cash Option	18 December 2015
Last date for Sale Nominee to sell Merged Group Securities under the Sale Facility	31 December 2015
Payment of APPF Distribution for month ended 30 November 2015 and APPF Special Distribution	31 December 2015
Last date to pay the proceeds from the Sale Facility	15 January 2016
Payment of Aspen Group Special Distribution for the period commencing 1 July 2015 and ending on the Record Date (inclusive of both dates)	25 February 2016

All times and dates are indicative only and may change without notice because of reasons outside the control of the Merger Entities. APPF and Aspen Group reserve the right to amend any or all of these dates and times subject to the Corporations Act and other applicable laws.

* The Implementation Date may be deferred if all of the conditions precedent to the Merger have not been satisfied by 4 December 2015, being the date of the Second Court Hearing.

Any changes to the above timetable will be announced to the ASX and notified to the APPF and Aspen Group securityholders on the APPF website at www.aspenfunds.com.au/funds and on the Aspen Group website at www.aspengroup.com.au.

Contents

1. Answers to key questions

1.1 General Information

Question	Answer	Where to find more information
Details of the Merger		
Why have I received this Explanatory Memorandum?	This Explanatory Memorandum has been sent to you because you are a Securityholder and you are being asked to vote on the Merger. This Explanatory Memorandum is intended to help you decide how to vote on the Resolutions. You should carefully read this Explanatory Memorandum, the APPF Securityholder Booklet (if you are an APPF securityholder), or the Aspen Group Securityholder Booklet (if you are an Aspen Group securityholder) and, if necessary, consult your financial, investment, taxation or other professional adviser before voting on the Resolutions.	–
What is the Merger?	The Merger is the combination of APPF and Aspen Group to create the Merged Group, which will be a leading owner, manager, and developer of value for money accommodation. If the Merger proceeds, APPF and Aspen Group will operate as a combined group, APPF securities will be stapled to Aspen Group securities and the Merged Group will be listed on the ASX. Stapling involves the creation of a common investor base in APPF and Aspen Group. After the stapling, APPF securities and Aspen Group securities will be traded together on the ASX as Merged Group Securities, each consisting of one APPML share, one AGL share, one APPT unit and one APT unit.	2.3, 2.4, and 6.1
What will I receive if the Merger proceeds?	APPF securityholders will receive Merged Group Securities in exchange for their APPF securities and, depending on their election, ultimately: • retain Merged Group Securities; or • receive cash by participating in a buy-back of Merged Group Securities from APPF securityholders and, if demand under the buy-back exceeds a cap of $35 million, a subsequent Sale Facility; or • receive cash for some of their allocation of Merged Group Securities and retain some of their Merged Group Securities. Aspen Group securityholders will receive Merged Group Securities in exchange for their Aspen Group securities. A Merged Group Security will be a stapled security in the Merged Group, comprising one APPML share, one AGL share, one APPT unit and one APT unit. For details of what you will receive if the Merger proceeds, APPF securityholders should read “What will I receive if the Merger proceeds?” in Section 1.2 (Information for APPF securityholders). Aspen Group securityholders should read “What will I receive if the Merger proceeds?” in Section 1.3 (Information for Aspen Group securityholders).	2.2 and 2.5

Question	Answer	Where to find more information
Will I be able to sell any Merged Group Securities I receive?	Merged Group Securities are expected to commence trading on the ASX on a deferred settlement basis after the Merger becomes Effective. Currently, deferred settlement trading is expected to commence on 8 December 2015. Once holding statements for Merged Group Securities have been issued (which must occur no later than 5 Business Days after the Implementation Date), trading in Merged Group Securities on the ASX will commence on a normal settlement basis. This is expected to occur on 16 December 2015. Section 9.2.7 outlines the possible risks associated with trading during the deferred settlement period.	Key Dates, 2.4, 12.4
What is the rationale for the Merger?	The Merger will create a leading owner, manager, and developer of value for money accommodation. For APPF, the Merger provides securityholders the option of liquidity at a premium to NAV, with the option to elect to receive Merger Consideration in the form of cash or Merged Group Securities traded on the ASX. APPF securityholders who retain Merged Group Securities will benefit from having the flexibility to add to or reduce their holdings via the ASX trading in Merged Group Securities, a forecast 16% increase in distributions,[3] a potential 8% accretion on an earnings per security basis,[4] a more appropriate capital structure, improved access to capital markets, and exposure to an investment strategy that is consistent with the current strategy of APPF. For Aspen Group securityholders the Merger provides increased exposure to a quality portfolio of assets, significant operating synergies, a forecast 28% increase in distributions[5], a more appropriate capital structure and improved access to capital markets. The detailed Merger rationale for APPF securityholders is set out in Section 3 and for Aspen Group securityholders is set out in Section 4. Alternatives to the Merger that were considered for APPF securityholders are set out under the heading "Were any alternatives to the Merger considered for APPF securityholders?" in Section 1.2 (Information for APPF securityholders). The costs and synergies associated with the Merger have been considered and factored into the financial analysis set out in Section 8.	3.1 and 4.1
What are the potential risks associated with the Merger?	Potential risks associated with the Merger include: • the cost savings forecast of approximately $1.7 million per annum upon full implementation for the Merged Group may not be realised; • the exact value of the Merger Consideration is uncertain. The Independent Expert believes the fair value of a Merged Group Security to be in the range of $1.30 to $1.40. This implies a consideration received in the range of $0.50 to $0.54 per APPF security, which is a value range premium between 9% and 17% to the APPF NAV per security. Further detail provided in Section 11.4 of the Independent Expert Report; • there is no guarantee that Merged Group Securities will trade at any particular price after the implementation of the Merger; • the Merger may not proceed if certain conditions precedent are not satisfied; • there is a risk that the Court may not approve the Merger or that the approval of the Court is delayed; • there may be tax consequences for Aspen Group securityholders and APPF securityholders – Aspen Group securityholders and APPF securityholders should seek their own professional advice regarding individual tax consequences of the Merger; and • there may be adverse consequences for Aspen Group securityholders and APPF securityholders who trade Merged Group Securities on a deferred settlement basis without knowing the number of Merged Group Securities they will retain.	9.2

3 This forecast increase in distributions, from 4.0 cents to 4.6 cents (being the Merged Group distribution of 12.0 cents multiplied by the Merger ratio of 0.386), is uncertain and dependent on a variety factors, including, but not limited to, operating and cost synergies being realised.

4 Depending on the quantum of take up by APPF securityholders of the Cash Option.

5 Current Aspen Group FY16 distribution guidance of 9.4 cents per security compared to the Merged Group distribution guidance of 12.0 cents per security.

Question	Answer	Where to find more information
What will the Merged Group look like?	The Merged Group will be a leading owner, manager and developer of value for money accommodation properties. The combined portfolio of 26 accommodation properties comprising over 5,000 sites, valued at $250 million,[6] will make the Merged Group one of the largest accommodation park operators in Australia. The Merged Group will employ over 400 people, be headquartered in Sydney, and will be listed on the ASX under the code APZ. The Merged Group will comprise four entities, being the APPF Entities and Aspen Group Entities, in a stapled structure. The Merger Entities will operate as a single coordinated economic group. It is expected this will reduce administrative complexities and overheads arising from maintaining the current two separate listed and unlisted stapled entities. On a standalone basis: • APPF has a portfolio of 21 accommodation properties, comprising approximately 4,673 sites, valued at $189 million; • It employs approximately 370 people; and • Aspen Group has a portfolio of five accommodation properties, comprising approximately 672 sites, valued at $61million. It employs approximately 51 people.	2.4, 6 and 7
What will the Merged Group's strategic priorities be?	The Merged Group's strategic priorities will be: • optimising operational returns from existing assets, both on revenue generation and cost discipline; • undertaking manufactured housing development, and so growing the high quality annuity residential rental stream; and • assessing potential acquisitions of accommodation properties.	6.3
How was the Merger Consideration determined?	In May 2015, Aspen Group submitted a confidential, incomplete and non-binding expression of interest to APPF to combine the two groups by way of Merger. The final Merger Ratio followed negotiations between Aspen Group and APPF and their respective financial advisers, having regard to the relative value and growth contributions of each entity and the sharing of benefits derived from the Merger.	2.1, Annexure A
How will the Merger be funded?	The Merger will be funded by way of drawing debt from unused debt facilities within the Merged Group. The unused debt facilities principally pertain to capacity within Aspen Group's existing debt facilities. The increase in interest bearing liabilities and LVR will depend on the quantum of take up by APPF securityholders of the Cash Option, with a maximum take up of $35.0 million. The Merged Group's interest bearing liabilities is forecast to increase to between $87.2 million and $122.0 million (from a combined $80.3 million, of which $73.6 million pertains to APPF, and $6.7 million pertains to Aspen Group) LVR will increase to between 31.6% and 44.3%. APPF's LVR immediately prior to the Merger is 39.3%, and Aspen Group's LVR is nil.	
What are the gearing levels before and after the transaction?	Prior to the Merger, based on the pro forma Statement of gearing for APPF is 37.4%, and gearing for Aspen Group is 25.9%. As a result of the Merger, gearing will increase to between 27.4% and 39.2%, depending on the quantum of take up by APPF securityholders of the Cash Option.	
What has the Independent Expert said?	The Independent Expert has considered the Merger and concluded that it is: • fair and reasonable and in the best interests of APPF securityholders; and • fair and reasonable and in the best interests of Aspen Group securityholders.	Annexure A

6 Portfolio as of date of EM lodgement includes settlement of Adelaide Caravan Park, which occurred on 21 October 2015.

Question	Answer	Where to find more information
What are the tax implications of the Merger?	A Taxation Report on the general Australian taxation impacts of the Merger on APPF securityholders and Aspen Group securityholders is set out in Annexure C. The Merger gives rise to a capital gains tax (CGT) event for both groups of securityholders. The details of taxation impacts are outlined in Annexure C. APPF distributions and the Aspen Group Special Distribution received prior to the Merger will be subject to taxation in the ordinary course. APPF securityholders and Aspen Group securityholders should seek their own taxation advice in relation to the Merger.	Annexure C
What are the conditions precedent to the Merger?	On 14 September 2015, AGL, APPML and AFML (in its capacities as responsible entity of APT and APPT) entered into the Merger Implementation Deed which contains various conditions precedent of the Merger. These include: • ASIC and ASX issue or provide all consents, waivers and approvals necessary to implement the Merger; • all other necessary regulatory approvals are obtained; • all third party approvals necessary or desirable to implement the Merger are obtained; • the ASX admits APPML shares and APT units to quotation; • the Court convenes the Scheme Meetings; • APPF securityholders approve the APPF Resolutions (other than the APPML Director Appointment Resolutions) and the APPML Scheme Resolutions and the Aspen Group securityholders pass the Aspen Group Resolutions and the AGL Scheme Resolutions by the requisite majorities at the Meetings required to implement the Merger; • the Court approves the Schemes and provides judicial advice; • no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other legal restraint or prohibition preventing the Merger is in effect at 8:00am on the date of the Second Court Hearings; and • no material adverse change in respect of the business, operations, financial condition or ability of APPF or Aspen Group to perform their respective obligations under the Merger Implementation Deed has occurred on or before 8.00am on the date of the Second Court Hearings. The APPF Board has the capacity to terminate the Merger if APPF receives an alternative proposal that the APPF Board determines is superior to the Merger. The Aspen Group Board has the capacity to terminate the Merger if Aspen Group receives an alternative proposal that the Aspen Group Board determines is superior to the Merger.	2.8, 10
What are the risks associated with an investment in the Merged Group?	The Merged Group will be subject to a range of risks that may adversely affect the future operating or financial performance, prospects, investment returns or value of Merged Group Securities. Many of the risks are similar to those currently faced by Aspen Group and APPF and include: • tenant default and occupancy risk; • competition from other industry participants; • property valuation risk; • asset acquisition risk; • capital expenditure risk; • property illiquidity risk; and • environmental risk. Further discussion of these risks and other risks is set out in Section 9.	9.3, 9.4

Question	Answer	Where to find more information
Who will the directors of the Merged Group be?	If the Merger is implemented, the directors of the Merged Group will be the current Aspen Group Directors, being: • Mr Frank Zipfinger – Chairman; • Mr Clem Salwin – Managing Director and Chief Executive Officer; • Mr Clive Appleton – Non-Executive Director; • Mr John Carter – Non-Executive Director; and • Mr Guy Farrands – Non-Executive Director.	6.7.3
Who will be Merged Group's senior management team?	If the Merger is implemented, the senior management of the Merged Group will be the current Aspen Group senior management, being: • Mr Clem Salwin – Managing Director and Chief Executive Officer; • Mr Adam Marrs Ekamper – Chief Financial Officer; • Mr Brett Summers – Head of Asset Management; • Ms Marie Barter – Head of Operations; • Mrs Jeannine Rheinberger – National Sales and Marketing Manager; • Mrs Catherine McMahon – Head of Human Resources; and • Ms Mandy Chiang – Company Secretary.	6.8
How have the APPF Board and the Aspen Group Board managed conflicts of interest?	The APPF Directors are required by law to act in the best interests of APPF securityholders. The Aspen Group Directors are required by law to act in the best interests of Aspen Group securityholders. The Merger involves a balancing of the relative interests of each set of securityholders. A potential for conflict arises in this case because of a number of connections between APPF and Aspen Group. These include: • AFML, being the manager and responsible entity of APPF, is a wholly-owned subsidiary of AGL; and • the boards of directors of AGL and AFML are comprised of the same people and two of the three directors of APPML are also directors of both AGL and AFML. The potential for conflict has been carefully considered by the directors in assessing the Merger. The directors have taken a number of steps to address the potential conflict as follows: • a separate Board Committee was established to represent the interests of APPF securityholders in assessing the commercial terms of the Merger, and the merits of alternative proposals. The APPF BC comprised Mr Hugh Martin (a non-executive director of APPF and Aspen Group, during the period he was a member of the APPF Board), Mr Clive Appleton (a non-executive director of APPF and an independent non-executive director of Aspen Group) and Mr Reg Gillard (an independent non-executive director of APPF). Details of the Aspen Group Directors and the APPF Directors are set out in Sections 5.1.10 and 5.2.10 respectively of this Explanatory Memorandum. The role of the APPF BC is to consider any potential conflict matters from the perspective of APPF securityholders and to communicate and negotiate with Aspen Group in respect of those matters; • the non-executive Aspen Group Directors not on the APPF BC separately considered the Merger from the perspective of Aspen Group securityholders; • the APPF BC and the remaining Aspen Group Directors each appointed separate legal and financial advisers to advise on conflict matters; and • the directors commissioned the Independent Expert to determine independently whether the Merger is fair and reasonable and in the best interests of each set of securityholders. The Independent Expert has concluded that the Merger is: – fair and reasonable and in the best interests of APPF securityholders; and – fair and reasonable and in the best interests of Aspen Group securityholders. Aspen Group is not entitled to vote on certain of the APPF Resolutions in respect of the APPF securities it will hold on the Voting Record Date. In particular, Aspen Group Entities holding APPF securities will not vote on the APPML Scheme with other APPF securityholders. The outcome of the APPML Scheme Meeting will be based on the votes of APPF securityholders excluding Aspen Group. When Aspen Group is entitled to vote on a resolution, it intends to vote in favour.	3.3, 5.1.10, 5.2.10

Question	Answer	Where to find more information
Ineligible Foreign Securityholders		
What if I am a foreign securityholder at the Record Date?	Due to legal restrictions in foreign jurisdictions, the cost of compliance in foreign jurisdictions, and the small number of Securityholders in foreign jurisdictions, the Merger is not being offered to Securityholders whose address on the relevant securityholder register on the Record Date is outside Australia or New Zealand. Ineligible Foreign Securityholders will have the Merged Group Securities to which they would otherwise be entitled sold in the Sale Facility, with the sale proceeds remitted to them in cash. As at 30 September 2015, there were four Ineligible Foreign Securityholders in APPF holding 0.10% of APPF securities and 16 Ineligible Foreign Securityholders in Aspen Group holding 0.43% of Aspen Group securities.	10.6, 10.10.4
When will I receive my cash from the Sale Facility if I am an Ineligible Foreign Securityholder?	Ineligible Foreign Securityholders will be paid the cash they are entitled to receive from the Sale Facility within 20 Business Days after the Implementation Date.	10.10.2
Transaction Costs		
What are the transaction costs associated with the Merger?	The Merged Group is expected to incur one-off transaction costs in respect of the Merger amounting to approximately $7.0 million during FY16. These costs are expected to comprise: • approximately $3.6 million of adviser and other restructuring costs; • approximately $3.2 million to reset currently outstanding interest rate swaps; and • approximately $0.2 million of stamp duty. These costs will be borne approximately 33% by APPF and 67% by Aspen Group. Before the APPF Meetings, APPF estimates that it will have incurred or committed to one-off transaction costs of approximately $0.5 million during FY16 in relation to the Merger. These costs will be payable by APPF regardless of whether the Merger is implemented or not. Before the Aspen Group Meetings, Aspen Group estimates that it will have incurred or committed to one-off transaction costs of approximately $1.5 million during FY16 in relation to the Merger. These costs will be payable by Aspen Group regardless of whether the Merger is implemented or not.	8.4.3, Annexure H

1.2 Information for APPF Securityholders

Question	Answer	Where to find more information
Aspen Group		
What is Aspen Group?	Aspen Group is an ASX-listed property group, based in Sydney, and focused on owning, managing and developing value for money accommodation. Aspen Group's key assets comprise: • a 42% holding in, and management rights of, APPF; • a portfolio of five accommodation parks[7] with a carrying value of $61 million; and • $37m of assets held for sale, consisting predominantly of the Spearwood South industrial property. As at the date of this Explanatory Memorandum, Aspen Group managed directly or through APPF, 26 accommodation properties with a combined value of $250 million and employed over 400 people.	5.1
Merger Consideration		
What will I receive if the Merger proceeds?	The consideration for APPF securityholders represents a value range between $0.52 to $0.54 per APPF security.[8] This represents a value range premium between 12.5% and 17.5% to the APPF NAV of $0.4622 as at 30 June 2015. The Independent Expert believes the fair value of a Merged Group Security to be in the range of $1.30 to $1.40. This implies a consideration received in the range of $0.50 to $0.54 per APPF security, which is a value range premium between 9% and 17% to the APPF NAV per security. Further detail provided in Section 11.4 of the Independent Expert Report. The form of consideration will be at each APPF securityholder's election: **Securities Option** APPF securityholders will receive 0.386 Merged Group Securities for each APPF security. This represents an implied value of $0.54 per APPF security based on Aspen Group's security price 10 day VWAP of $1.41 as at 16 October 2015. The implied value will change with movements in Aspen Group's security price. **Cash Option** APPF securityholders (other than Aspen Group and Ineligible APPF securityholders) may choose to participate in a buy-back facility at $1.34715 per Merged Group Security (equivalent to $0.52 per APPF security), subject to an overall cap of $35 million. The $35 million cap represents approximately 50% of total Merger Consideration to APPF securityholders (other than Aspen Group). If demand for the Cash Option exceeds the cap, APPF securityholders will retain some Merged Group Securities under a pro rata scale back, however they will have the option of selling these securities via a Sale Facility. If the Merged Group Security trades at more than $1.347, the Cash Option will be valued at less consideration than the Securities Option. If the Merged Group Security trades at less than $1.347, the Cash Option will be valued at more consideration than the Securities Option. Aspen Group's security 10 day VWAP was $1.41 as at 16 October 2015. **Combination of the Securities Option and Cash Option** APPF securityholders may elect to receive a combination of the Securities Option and the Cash Option.	2.2, 2.5

7 Including Adelaide Caravan Park, which settled on 21 October 2015.

8 Consideration represents a range of either (a) the cash consideration of $0.52 or (b) the Merger Ratio multiplied by Aspen Group's 10 day VWAP ($1.41 as at 16 October 2015).

Question	Answer	Where to find more information
How is the Merger Consideration for APPF securityholders affected by movements in the Aspen Group security price?	For APPF securityholders who retain Merged Group Securities as Merger Consideration, the Merger Consideration will vary with the price of Merged Group Securities, which in turn may be impacted by movements in the Aspen Group security price up to and including the Effective Date. For APPF securityholders who elect to receive cash under the Cash Option, if demand to participate in the buy-back exceeds a cap of $35 million and that APPF securityholder has also elected to participate in the subsequent Sale Facility, the remainder of their Merger Consideration will also be based on the price of Merged Group Securities.	2.5.1
When will I receive my Merged Group Securities if I elect to retain Merged Group Securities?	Merged Group Securities will be issued on the Implementation Date, which is expected to be on or about 15 December 2015.	Key Dates
When will my proceeds from the Sale Facility be paid if I elect to participate?	Payment of proceeds from the Sale Facility will be made to participating APPF securityholders by 15 January 2016.	Key Dates, 10.10.2
How will fractional entitlements be treated under the Merger?	Where the calculation of the number of Merged Group Securities issued as Merger Consideration after the implementation of the Merger steps would result in the holding of a fraction of a security, the fractional entitlement will be rounded up to the nearest whole number of Merged Group Securities.	10.5.3
Do I need to make any payments to participate in the Merger?	No.	–
Do I need to pay any brokerage fees or stamp duty to participate in the Merger?	No.	2.13
Distributions		
How will the Merger impact my distributions?	APPF securityholders will continue to be entitled to, and be paid, their distributions until the Record Date, which is expected to be 10 December 2015. APPF securityholders who retain Merged Group Securities will receive distributions from the Merged Group on a half yearly basis. The first distribution from the Merged Group would be for the June 2016 half year (to be paid in August 2016), with any distribution entitlement with respect to ownership of Merged Group Securities during December 2015 after the Record Date being included in the June 2016 half-year distribution. The Merged Group FY16 annualised distribution guidance is 12.0 cents per Merged Group Security.[9] For APPF securityholders who elect to retain Merged Group Securities, this distribution is the equivalent of 4.6 cents per APPF security, representing 12.0 cents multiplied by the Merger Ratio of 0.386 Merged Group Securities for each APPF security. This guidance represents an increase of 16% over current APPF distributions of 4.0 cents per security.[10] For 2H FY16, the Merged Group distribution is forecast to be 6.0 cents per Merged Group Security.[11]	3.5

9 The Merged Group is forecasting an FY16 annualised distribution of 12.0 cents per Merged Group Security, based on 2H FY16 distribution forecast of 6.0 cents per Merged Group Security and no material change in business conditions.

10 Current APPF distribution is the annualised income distribution rate as outlined in APPF's Full Year Financial Results and Fund Update released on 24 August 2015.

11 Assuming no material change in business conditions.

Question	Answer	Where to find more information
Benefits, Disadvantages and Risks of the Merger		
What are the benefits of the Merger for APPF securityholders?	If the Merger is implemented, APPF securityholders will benefit through: • the ability to buy or sell any or all of their securities on the ASX, instead of reliance on Withdrawal Offers. Trading on the ASX remains subject to market conditions, such as there being sufficient buyers of Merged Group securities. Aspen Group has historically had low liquidity, with full details of Aspen Group's historic price/volume and trading history located at Section 5.1.4 of the Explanatory Memorandum; • a value range premium between 12.5% and 17.5% to NAV as at 30 June 2015;[12] The Independent Expert believes the fair value of a Merged Group Security to be in the range of $1.30 to $1.40. This implies a consideration received in the range of $0.50 to $0.54 per APPF security, which is a value range premium between 9% and 17% to the APPF NAV per security. Further detail provided in Section 11.4 of the Independent Expert Report • a forecast 16% increase in distributions;[13] • a potential 8% accretion on an earnings per security basis;[14] • a more appropriate capital structure; • an internalised management structure; and • improved access to capital markets. These benefits are described in further detail in Section 3.	3.5
What are the disadvantages and risks of the Merger for APPF securityholders?	If the Merger is implemented, the potential disadvantages and risks for APPF securityholders include: • APPF securityholders who retain Merged Group Securities will receive future distributions on a half yearly basis rather than the current monthly basis; • APPF securityholders who retain Merged Group Securities will hold a reduced proportionate interest in the Merged Group; • an inability to participate in any alternative proposal, that may or may not arise, for APPF; • exposure to additional assets within the Aspen Group portfolio, in particular Aspen Karratha Village and Spearwood South industrial property, the latter being a non-accommodation asset; • for those APPF securityholders who elect the Cash Option, there is no guarantee that they will have all of their Merged Group Securities bought-back. Furthermore, to the extent they are scaled back and participate in the Sale Facility, there is a risk that APPF securityholders may receive a lower price under the Sale Facility than under the Cash Option; • for those APPF securityholders who retain Merged Group Securities, these securities will be quoted on the ASX and subject to daily market movements and volatility, in a way that APPF securities are not; • a potential dilution of up to 9% on an earnings per security basis;[15] • for APPF securityholders who trade Merged Group Securities during the deferred settlement period on ASX, there is a risk of adverse financial consequences if they purport to sell more Merged Group Securities than they retain; and • the Merger will give rise to a capital gains tax (CGT) event.	3.6, 9

12 Consideration represents a range of either (a) the cash consideration of $0.52 or (b) the Merger Ratio multiplied by Aspen Group's 10 day VWAP ($1.41 as at 16 October 2015).

13 For APPF securityholders who elect to retain Merged Group Securities. This forecast increase in distributions, from 4.0 cents to 4.6 cents (being the Merged Group distribution of 12.0 cents multiplied by the Merger ratio of 0.386), is uncertain and dependent on a variety factors, including, but not limited to, operating and cost synergies being realised.

14 Depending on the quantum of take up by APPF securityholders of the Cash Option.

15 Depending on the quantum of take up by APPF securityholders of the Cash Option.

Question	Answer	Where to find more information
Alternatives to the Merger		
Were any alternatives to the Merger considered for APPF securityholders?	The APPF BC considered a number of alternatives to address the current structure of APPF, including the Merger. These alternatives included: • individual property sales; • the wind up/sale of APPF; • an ASX listing; • undertaking a further equity raising; and • merging with other entities. After thorough evaluation of these alternatives, the APPF BC concluded that the Merger represents the most attractive option for APPF securityholders. Further detail on the alternatives considered can be found in Section 3	3.4
Independent Expert's Report		
What has the Independent Expert said?	The Independent Expert has considered the Merger and concluded that it is fair and reasonable and in the best interests of APPF securityholders.	Annexure A
APPF Meeting, Agreement and Approval		
When and where will the APPF Meetings be held?	The APPF Meetings will be held at 11:00am on 2 December 2015 at the Gloucester Room, Quay West, 98 Gloucester Street, The Rocks NSW 2000	11, APPF Notices of Meeting
Who is entitled to vote at the APPF Meetings?	All APPF securityholders recorded on the APPF Register as at 7:00pm on 30 November 2015 are entitled to attend and vote at the APPF Meetings. Aspen Group is not entitled to vote on certain APPF Resolutions and not entitled to vote at the APPML Scheme Meeting.	11, APPF Notices of Meeting
What choices do I have as an APPF securityholder?	As an APPF securityholder, you have the following choices: • you can vote at the APPF Meetings in person or by proxy or, in the case of a corporation, by duly appointed corporate representative; • you can elect not to vote at the APPF Meetings; or • you can do nothing. In addition, APPF securityholders have the option to either retain Merged Group Securities or to receive some or all of their Merger Consideration in the form of cash. If APPF securityholders do not make an election, the Merger Consideration will be Merged Group Securities.	
Why should I vote at the APPF Meeting?	Voting is not compulsory. However, your vote may be important in determining whether the Merger will proceed. Each APPF Director recommends that you read this Explanatory Memorandum and the APPF Securityholder Booklet carefully and vote in favour of the APPF Resolutions to approve the Merger, in the absence of a superior proposal.	–
What is the APPF Director recommendation?	The APPF Directors unanimously recommend that APPF securityholders vote in favour of all the APPF Resolutions to approve the Merger, in the absence of a superior proposal. Each APPF Director holding APPF securities intends to vote their APPF securities in favour of all the APPF Resolutions to approve the Merger, in the absence of a superior proposal.	3.1

Question	Answer	Where to find more information
What happens if I vote against the Merger or do not vote?	The Merger cannot be implemented unless all Aspen Group Resolutions are passed by the requisite majorities of Aspen Group Securityholders and all APPF Resolutions (other than APPML Director Appointment Resolutions) are passed by the requisite majorities of APPF securityholders, at their respective Meetings. However, even if you do not vote or vote against any of the Aspen Group Resolutions, this does not mean the Merger will not be approved or implemented. If the Aspen Group Resolutions are passed by the requisite majorities (even if you did not vote, or voted against the Merger) and you are an Aspen Group securityholder as at the Record Date then, if the Merger is implemented, you will be bound by the Merger.	11.12
What resolutions of APPF securityholders are required for the Merger to proceed?	The resolutions that APPF securityholders must approve in order for the Merger to proceed are: • approval of the scheme of arrangement between APPML and its members; • approval of the capital reductions of APPML as part of the Merger steps; • amendment to the constitutions of APPML and APPT; • in the case of APPML and APPT, approval of the Merger for all purposes; • approval of the giving of financial benefits by APPML to related parties under the Stapling Deed; and • approval of the consolidation of APPML shares as part of the Merger steps. APPF securityholders will also consider resolutions to appoint Mr Frank Zipfinger, Mr Guy Farrands and Mr John Carter as non-executive directors of APPML with effect from the day following the Implementation Date of the APPML Scheme. The Merger is not conditional on these APPML Director Appointment Resolutions being passed.	11, APPF Notices of Meeting
What happens if the Resolutions are not approved?	Each of the APPF Resolutions (other than the APPML Director Appointment Resolutions) and the Aspen Group Resolutions must be passed in order for the Merger to be implemented. If any Resolution is not approved by the requisite majorities of APPF securityholders or Aspen Group securityholders (other than the APPML Director Appointment Resolutions) or all other conditions precedent are not satisfied or waived (if applicable): • the Merger will not take place; • the expected benefits of the Merger will not be realised and some of the disadvantages and risks associated with the Merger will not arise; and • APPF will remain as an unlisted fund and continue to operate within the same framework as it currently does. For APPF securityholders, however, the Fund's current open-ended and unlisted structure does not satisfy the preferences of a large proportion of APPF securityholders for liquidity, as indicated by applications under previous APPF Withdrawal Offers to securityholders. Furthermore, the structure of the Fund is not conducive to raising new equity capital, thus constraining potential development and acquisition growth opportunities. If the Merger does not proceed, there would be a further review of the capital structure of the Fund including an assessment of the amount and timing of any future Withdrawal Offers.	2.12

1.3 Information for Aspen Group Securityholders

Question	Answer	Where to find more information
APPF		
What is APPF?	APPF is an unlisted property fund owning 21 accommodation parks across Australia valued at $189 million. APPF's objective is to provide securityholders with regular income distributions and the potential for long-term capital growth. Aspen Group has an aggregate interest in APPF of approximately 42%.	5.2
Merger Consideration		
What will I receive if the Merger proceeds?	Each Aspen Group securityholder will receive one Merged Group Security for each Aspen Group security	2.2, 2.5
When will I receive my Merged Group Securities?	Merged Group Securities will be issued on the Implementation Date, which is expected to be on or about 15 December 2015.	Key Dates
How will fractional entitlements be treated under the Merger?	Given Aspen Group securityholders will retain one Merged Group security for each Aspen Group security, there will be no fractional entitlements.	10.5.3
Do I need to make any payments to participate in the Merger?	No.	–
Do I need to pay any brokerage fees or stamp duty to participate in the Merger?	No.	2.13
Distributions		
How will the Merger impact my distributions?	If the Merger proceeds, Aspen Group securityholders will receive the Aspen Group Special Distribution. This distribution will be for the period from 1 July 2015 through to the Record date, currently expected to be 10 December 2015. Following the Merger, Aspen Group securityholders will receive distributions from the Merged Group on a half yearly basis. The first distribution from the Merged Group would be for the June 2016 half year (to be paid in August 2016), with any distribution entitlement in respect to ownership of Merged Group Securities during December 2015 after the Record Date being included in the June 2016 half year distribution. The Merged Group FY16 annualised distribution guidance is 12.0 cents per Merged Group Security. This represents an increase of 28% over current Aspen Group distribution guidance for FY16 of 9.4 cents per security.[16] For 2H FY16, the Merged Group distribution is forecast to be 6.0 cents per Merged Group Security.[17]	4.4, 8
Benefits, Disadvantages and Risks of the Merger		
What are the benefits of the Merger for Aspen Group securityholders?	If the Merger is implemented, Aspen Group securityholders will benefit through: • increased exposure to a quality portfolio of assets; • significant operating synergies of $1.7 million; • a forecast 28% increase in distributions to 12.0 cents per security over current guidance of 9.4 cents per security;[17] • a potential 30%–54% accretion to earnings, on an earnings per security basis;[18] • an appropriate capital structure; • a simplified management structure; and • improved access to capital markets. These benefits are described in further detail in Section 4.	4.4 4.5 and 9

17 Assuming no material change in business conditions.

18 Depending on the quantum of take up by APPF securityholders of the Cash Option.

Question	Answer	Where to find more information
What are the disadvantages and risks of the Merger for Aspen Group securityholders?	If the Merger is implemented, the potential disadvantages and risks for Aspen Group securityholders include: • a 3.3%–4.8% reduction in Aspen Group's net asset value per security, from \$1.24 to a range between \$1.18–\$1.20;[19] • the Merged Group is expected to have higher gearing than Aspen Group, increased from 8.4% to a potential range between 27%–39%, prior to the sale of Spearwood South and subject to the take-up under the Cash Option; and • the risk and investment profile of Aspen Group securityholders will change as the Merged Group will own the properties currently separately owned by Aspen Group and APPF. Aspen Group currently owns 42% of APPF and the Merged Group will include 100% ownership. These disadvantages and risks are described in further detail in Sections 4 and 9 respectively.	
Independent Expert's Report		
What has the Independent Expert said?	The Independent Expert has considered the Merger and concluded that it is fair and reasonable and in the best interests of Aspen Group securityholders.	Annexure A
Aspen Group Meeting, Agreement and Approval		
When and where will the Aspen Group Meetings be held?	The Aspen Group Meetings will be held at 9.30am on 2 December 2015 at the Gloucester Room, Quay West, 98 Gloucester Street, The Rocks NSW 2000.	11, Aspen Group Notices of Meeting
Who is entitled to vote at the Aspen Group Meetings?	Subject to any applicable voting restrictions, Aspen Group securityholders recorded on the Aspen Group Register as at 7:00pm on 30 November 2015 are entitled to attend and vote at the Aspen Group Meeting.	11, Aspen Group Notices of Meeting
What choices do I have as an Aspen Group securityholder?	As an Aspen Group securityholder, you have the following choices: • subject to any applicable voting restrictions, you can vote at the Aspen Group Meetings in person, by attorney, by proxy or, in the case of a corporation, by duly appointed corporate representative; • you can elect not to vote at the Aspen Group Meeting; • you can sell your Aspen Group securities on or prior to 7 December 2015; or • you can do nothing.	–
Why should I vote at the Aspen Group Meeting?	Voting is not compulsory. However, your vote may be important in determining whether the Merger will proceed. The Aspen Group Board recommends that you read this Explanatory Memorandum and the Aspen Group Securityholder Booklet carefully and vote in favour of all the Aspen Group Resolutions to approve the Merger, in the absence of a superior proposal.	–
What is the Aspen Group Directors' recommendation?	The Aspen Group Directors unanimously recommend that Aspen Group securityholders vote in favour of all the Aspen Group Resolutions in the absence of a superior proposal. The Aspen Group Directors intend to vote their securities in favour of all the Aspen Group Resolutions, in the absence of a superior proposal.	4.1
What happens if I vote against the Merger or do not vote?	The Merger cannot be implemented unless all Aspen Group Resolutions are passed by the requisite majorities of Aspen Group Securityholders and all APPF Resolutions (other than APPML Director Appointment Resolutions) are passed by the requisite majorities of APPF securityholders, at their respective Meetings. However, even if you do not vote or vote against any of the Aspen Group Resolutions, this does not mean the Merger will not be approved or implemented. If the Aspen Group Resolutions are passed by the requisite majorities (even if you did not vote, or voted against the Merger) and you are an Aspen Group securityholder as at the Record Date then, if the Merger is implemented, you will be bound by the Merger.	11.12

19 Subject to the full take-up under the Cash Option.

Question	Answer	Where to find more information
What resolutions of Aspen Group securityholders are required for the Merger to proceed?	The resolutions that Aspen Group securityholders must approve in order for the Merger to proceed are: • approval of the scheme of arrangement between AGL and its members; • approval of the capital reductions of AGL as part of the Merger steps; • amendment to the constitutions of AGL and APT; • in the case of AGL and APT, approval of the Merger for all purposes; • approval of the giving of financial benefits by AGL to related parties under the Stapling Deed; • approval of a consolidation of AGL shares as part of the Merger steps; • approve the buy-back of AGL shares as a component of Merged Group Stapled Securities under the Cash Option; and • approval of a rebalancing of capital between AGL and APT.	11, Aspen Group Notices of Meeting
What happens if the Resolutions are not approved?	Each of the Aspen Group Resolutions and the APPF Resolutions (other than the APPML Director Appointment Resolutions) must be passed in order for the Merger to be implemented. If any Resolution is not approved by the requisite majorities of APPF securityholders or Aspen Group securityholders (other than the APPML Director Appointment Resolutions) or all other conditions precedent are not satisfied or waived (if applicable): • the Merger will not take place; • the expected benefits of the Merger will not be realised and some of the disadvantages and risks associated with the Merger will not arise; and • Aspen Group will remain listed on the ASX and continue to operate as it currently does. It is possible that the Aspen Group security price may fall if the Merger is not implemented. On 16 October 2015 (the trading day before the date of this Explanatory Memorandum), the closing price of Aspen Group securities was 14.3% higher than the $1.23 at which it closed on 11 September 2015 (the trading day before the Merger was announced).	2.13

1.4 Additional Information

Sections 10, 11 and 12 contain additional information in relation to the Merger including a detailed description of the steps to implement the Merger, a description of the proposed changes to the constitutions of AGL, APT, APPML and APPT, a summary of the Merger Implementation Deed and Stapling Deed, details of each of the Resolutions, details of the interests of Directors and other relevant information.

If, after reading the Disclosure Documents, you have any questions regarding the Merger, you can call the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

2. Details of the Merger

2.1 Background to the Merger

In May 2015, Aspen Group submitted a confidential, incomplete and non-binding expression of interest to APPF to combine the two groups by way of Merger. APPF established a separate Board Committee to assess the merits of the Merger for APPF securityholders and to determine whether a proposal could be agreed that was in the best interests of APPF securityholders.

This process included:

- the appointment of separate financial and legal advisers;
- exchange of information between APPF and Aspen Group to assess the relative impact of the Merger;
- assessment of the merits of the Merger relative to APPF's other strategic alternatives (which included individual asset sales, a wind up of the fund, a listing on the ASX, further equity raisings or a merger with other entities);
- assessment of the strategic rationale and the ability for the Merged Group to achieve identified operating synergies; and
- independent valuations of all properties other than acquisitions made during FY15.

On 14 September 2015, following the completion of this analysis and detailed discussions between the APPF BC and the non-executive Aspen Group Directors not on the APPF BC, APPF and Aspen Group announced that AGL, APPML and AFML (in its capacities as responsible entity of APT and APPT) had entered into a Merger Implementation Deed.

A summary of the Merger Implementation Deed is set out in Section 10.11. The full Merger Implementation Deed was announced to the ASX on 14 September 2015 and amended on 21 October 2015 and is available from the ASX website.

2.2 Details of the Merger

Aspen Group securityholders will receive one Merged Group Security for each Aspen Group security they hold.

APPF securityholders may retain Merged Group Securities or receive cash as follows:

- **Securities Option:** APPF securityholders will receive 0.386 Merged Group Securities for each APPF security;[20]
- **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 million[21] which represents approximately 50% of total merger consideration to APPF securityholders (other than Aspen Group); or
- **A combination** of the Securities Option and the Cash Option.

If the Merged Group Security trades at more than $1.34715, the Cash Option will be less consideration than the Security Option.

If the Merged Group Security trades at less than $1.34715, the Cash Option will be more consideration than the Security Option.

20 Represents an implied value of $0.54 per APPF security based on Aspen Group's 10 day VWAP of $1.41 as at 16 October 2015. The implied value will change with movements in Aspen Group's security price in the period up to and including the Effective Date and the Merged Group Security Price after the Effective Date.

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

2.3 Structure of the Merger Entities

APPF securities comprise one share in APPML stapled to one unit in APPT, as follows:

APPF	
Aspen Parks Property Management Limited (APPML)	Aspen Parks Property Trust (APPT)

Aspen Group securities comprise one share in AGL stapled to one unit in APT, as follows:

Aspen Group	
Aspen Group Limited (AGL)	Aspen Property Trust (APT)

2.4 Structure of the Merged Group

If the Merger is implemented, Merged Group Securities will comprise a four-way staple of the above entities, as follows:

Existing APPF securityholders (other than Aspen Group) (19% – 32%)		Existing Aspen Group securityholders (68% – 81%)	
Merged Group			
APPML	AGL	APPT	APT

The ownership in the Merged Group by existing APPF securityholders (other than Aspen Group) and by existing Aspen Group securityholders will depend on the level of take-up of the Cash Option by APPF securityholders. The ranges in the diagram above show the ownership positions assuming the take-up of the Cash Option is between $0 and the $35 million cap.

The Merged Group Securities may be sold on the ASX on a deferred settlement basis from 8 December 2015 and on a normal settlement basis from 16 December 2015. The last date for trading or transferring APPF securities and Aspen Group securities is 7 December 2015. The last date for registration of transfers of APPF and Aspen Group securities prior to the Merger will be 10 December 2015.

2.5 Merger Consideration

2.5.1 Merger Consideration for APPF securityholders

The consideration for APPF securityholders represents a value range between $0.52 to $0.54 per APPF security.[22]

This represents a value range premium between 12.5% and 17.5% to the APPF NAV of $0.4622 as at 30 June 2015. The Independent Expert believes the fair value of a Merged Group Security to be in the range of $1.30 to $1.40. This implies a consideration received in the range of $0.50 to $0.54 per APPF security, which is a value range premium between 9% and 17% to the APPF NAV per security. Further detail provided in Section 11.4 of the Independent Expert Report.

The form of consideration will be at each APPF securityholder's election (other than Ineligible Foreign Securityholders – see Section 3.)

Securities Option

APPF securityholders will receive 0.386 Merged Group Securities for each APPF security.

For example, if you hold 10,000 APPF securities on the Record Date, from the Implementation Date you will hold 3,860 Merged Group Securities.

This represents an implied value of $0.54 per APPF security based on Aspen Group's 10 day VWAP of $1.41 as at 16 October 2015. The implied value will change with movements in Aspen Group's security price.

Cash Option

APPF securityholders (other than Aspen Group and Ineligible APPF securityholders) may choose to participate in a buy-back facility at $1.34715 per Merged Group Security, subject to an overall cap of $35 million. The Cash Option of $1.34715 per Merged Group Security is equivalent to $0.52 per APPF security held.

The $35 million cap represents approximately 50% of total Merger Consideration to APPF securityholders (other than Aspen Group).

22 Consideration represents a range of either (a) the cash consideration of $0.52 or (b) the Merger Ratio multiplied by Aspen Group's 10 day VWAP ($1.41 as at 16 October 2015).

If demand for the Cash Option exceeds the cap, APPF securityholders will retain some Merged Group Securities under a pro rata scale back, however they will have the option of selling these securities via a Sale Facility.

Given the possibility of a scale back under the Cash Option, APPF securityholders who elect to receive their Merger Consideration in cash also have the ability to elect the form of Merger Consideration they wish to receive in the event of a scale back. The two options are:

- **In the form of cash (default position)** – by electing to have the Merged Group Securities to which they become entitled and were subject to the scale back, sold in the Sale Facility, with the sale proceeds remitted in cash; or
- **In Merged Group Securities** – in accordance with the Merger Ratio of 0.386 Merged Group Securities for each APPF security.

Combination of the Securities Option and Cash Option

APPF securityholders may elect to receive a combination of the Securities Option and the Cash Option.

Elections

APPF securityholders must elect their Merger Consideration by completing their individual APPF Election Form, which has been sent to APPF securityholders with this Explanatory Memorandum. In the event that APPF securityholders do not make an election, the default Merger Consideration is Merged Group Securities.

Merger Consideration for APPF securityholders: sensitivity to the Aspen Group security price

The value of Merger Consideration received by APPF securityholders is sensitive to the Aspen Group security price in a number of ways:

APPF securityholders retaining Merged Group Securities

For APPF securityholders retaining Merged Group Securities, the value of their Merger Consideration will vary with the market price of Merged Group Securities, which in turn may be impacted by movements in the Aspen Group security price up to and including the Effective Date, which is the last trading date for Aspen Group securities.

APPF securityholders electing to receive cash

In the event that the Aspen Group security price prior to the APPF Election Date is above the consideration under the Cash Option of $1.34715, it is possible that more APPF securityholders will retain Merger Consideration in the form of Merged Group Securities rather than in the form of cash. In this event, participation under the Cash Option may be lower and APPF securityholders who participate under the Cash Option are less likely to be scaled back under the buy-back cap.

In the event that the Aspen Group security price prior to the APPF Election Date is below the consideration under the Cash Option of $1.34715, it is possible that more APPF securityholders will elect to receive Merger Consideration in the form of cash, rather than in the form of Merged Group Securities. In this event:

- participation under the Cash Option may be higher and APPF securityholders who participate under the Cash Option are more likely to be scaled back under the buy-back cap; and
- APPF securityholders who elect to have the Merged Group Securities to which they are entitled in accordance with the scale back sold in the Sale Facility may receive a lower price under the Sale Facility than under the Cash Option.

Merger Consideration sensitivity analysis

The sensitivity of the APPF Merger Consideration to the movement in the Aspen Group security price is highlighted in the table below.

Aspen Group Security Price	$1.25	$1.30	$1.35	$1.40	$1.45	$1.50
APPF securities held	10,000	10,000	10,000	10,000	10,000	10,000
Value of Merger Consideration in the form of:						
a. cash (under the Cash Option)[1]	$5,200	$5,200	$5,200	$5,200	$5,200	$5,200
b. Merged Group Securities[2]	$4,825	$5,018	$5,211	$5,404	$5,597	$5,790

1 Assumes an APPF securityholders election to receive cash is satisfied in full under the Cash Option; this may be subject to scale back if the Cash Option is oversubscribed.

2 The dollar amounts reflect the implied value of 3,860 Merged Group Securities being the number of Merged Group Securities an APPF securityholder will retain if they hold 10,000 APPF securities on the Record Date.

The Aspen Group 10 day VWAP security price was $1.41 as at 16 October 2015.

Aspen Group securities are officially quoted on the ASX. Information on the market price of Aspen Group securities is set out in Section 5.1.4. Further information on Aspen Group security prices can be found on the ASX website at www.asx.com.au.

2.5.2 Merger Consideration for Aspen Group securityholders

Aspen Group securityholders (other than Ineligible Foreign Securityholders – see Section 10.10) will retain Merged Group Securities as Merger Consideration.

If the Merger is approved, the last day for trading in existing Aspen Group securities will be 7 December 2015. From the Implementation Date, Aspen Group securityholders will hold one Merged Group Security for each Aspen Group security held on the Record Date.

For example, if you hold 10,000 Aspen Group securities on the Record Date, from the Implementation Date you will hold 10,000 Merged Group Securities.

2.5.3 Merger Consideration for Ineligible Foreign Securityholders

Due to legal restrictions in certain foreign jurisdictions, the cost of compliance in those foreign jurisdictions, and the small number of Securityholders in those foreign jurisdictions, the Merger is not being offered to Securityholders whose address on the relevant securityholder register on the Record Date is outside Australia and New Zealand.

As at 30 September 2015, there were four Ineligible Foreign Securityholders in APPF holding 0.10% of APPF securities and 16 Ineligible Foreign Securityholders in Aspen Group holding 0.43% of Aspen Group securities.

Ineligible Foreign Securityholders will have the Merged Group Securities to which they would otherwise be entitled sold in the Sale Facility, with the sale proceeds remitted in cash.

2.6 Sale Facility

APPF and Aspen Group have established the Sale Facility to serve two purposes:

- to ensure that APPF securityholders who have a preference to receive their Merger Consideration in cash rather than in Merged Group Securities, will receive 100% cash proceeds in the event that the Cash Option is oversubscribed; and
- to provide a facility for the sale of Merged Group Securities to which Ineligible Foreign Securityholders would otherwise be entitled, enabling sale proceeds to be remitted to them in cash.

Aspen Group securityholders (other than Ineligible Foreign Securityholders) are not eligible to participate in the Sale Facility.

Sale Facility Securities will be transferred to the Sale Nominee, who will sell these securities by way of a book build or in the ordinary course of trading on the ASX, with sale proceeds remitted to the Sale Facility Participants in cash. Sale Facility Participants will receive the Sale Facility Price, and no brokerage or other selling expenses will be charged to Sale Facility Participants.

Further details on the Sale Facility are provided in Section 10.10.

2.7 Merger mechanics

The Merger will be implemented in several main stages, which are described in detail in Section 10.6.

2.8 Conditions precedent to the Merger

The implementation of the Merger is subject to the conditions precedent summarised below. The Merger will only proceed if all of the conditions precedent are satisfied or waived (if applicable) in accordance with the Merger Implementation Deed. Some of these conditions precedent may not be satisfied even if the Merger is approved at the Meetings (for example, the Court may refuse to grant the required orders at the Second Court Hearings). However, as at the date of this Explanatory Memorandum the parties to the Merger Implementation Deed are not aware of any circumstances which would cause these conditions precedent not to be satisfied.

Condition precedent	Status
1. Regulatory approvals: All regulatory approvals reasonably necessary or desirable to implement the Merger are obtained.	ASIC has agreed to grant the relief necessary to implement the Merger. ASX has agreed to grant the waivers and confirmations necessary to implement the Merger.
2. Quotation: The Merged Group Securities are approved for official quotation on the ASX and the ASX has approved APPML and APPT for admission to the official list of the ASX, subject to any conditions that the ASX may reasonably require.	APPML and APPT have made an application for admission to the official list of ASX and the Merger Entities have applied for quotation of Merged Group Securities.
3. Court convenes Scheme Meetings: The Court convenes the Scheme Meetings at the AGL First Court Hearing and the APPML First Court Hearing respectively, pursuant to section 411(1) of the Corporations Act.	Satisfied. On Friday, 23 October 2015, the Court made an order to convene the Scheme Meetings.
4. Court approval: The Court makes orders pursuant to sections 411(4)(b) and 411(6) of the Corporations Act approving the Schemes at the AGL Second Court Hearing and APPML Second Court Hearing.	Court approval of the Schemes will be sought on or about Friday, 4 December 2015.
5. Judicial advice: Judicial advice in respect of APT and APPT described in Section 11.3 is obtained by AFML in its respective capacities as responsible entity of APT and APPT.	On Friday, 23 October 2015, the Court confirmed that AFML in its respective capacities as responsible entity of APT and APPT is justified in convening the General Meetings. If the Aspen Group Resolutions and APPF Resolutions are approved, the remaining judicial advice will be sought at the Second Court Hearings (expected to be Friday, 4 December 2015).
6. Securityholder approval: Aspen Group securityholders and APPF securityholders approve each of the respective Resolutions (other than the APPF Director Appointment Resolutions) to be considered at the Scheme Meetings and General Meetings, by their requisite majorities.	The Aspen Group Meetings are to be held on **Wednesday, 2 December 2015**, commencing at **9:30am**. The APPF Meetings are to be held on **Wednesday, 2 December 2015**, commencing at **11:00am**. The Aspen Group Meetings and the APPF Meetings are to be held at the **Gloucester Room, Quay West, 98 Gloucester Street, The Rocks, NSW 2000**.
7. Third party consents: All other approvals of a third party which the parties agree are necessary or desirable to implement the Merger are obtained.	Neither Aspen Group nor APPF is aware of any such approvals being required.
8. Independent Expert: The Independent Expert issues a report which opines that the Merger is fair and reasonable and in the best interests of all Aspen Group Securityholders and all APPF securityholders.	Satisfied.

Condition precedent	Status
9. Other prescribed events:	
None of the following occurs on or before 8.00am on the Second Court Hearings: • a Court, regulatory authority or government agency issues an order or decree which is in effect as at 8.00am on the Second Court Hearings and prohibits or materially restricts completion of the Merger • a party undertakes a prohibited action such as issuing or buying-back securities, declaring a distribution (other than a distribution payable in the ordinary course) or undertakes a material acquisition or disposal, all other than pursuant to the Merger; or • a material adverse change in relation to Aspen Group or APPF.	Not breached as at the date of this Explanatory Memorandum.
10. Representations and warranties:	
The representations and warranties given by AGL, APPML and AFML (in its capacities as responsible entity of APT and APPT RE) under the Merger Implementation Deed are true and correct in all material respects.	Not breached as at the date of this Explanatory Memorandum.
11. No termination of Merger Implementation Deed:	
The Merger Implementation Deed has not been terminated.	Not breached as at the date of this document.
12. Deed polls – Schemes and Trust Schemes:	
Each party executes a deed poll in favour of the Scheme participants and Trust Scheme participants, as required.	Satisfied.

2.9 Securityholder and other approvals

2.9.1 APPF securityholder approvals and voting entitlement

Each APPF securityholder who is on the APPF Register at the Voting Record Date, other than Aspen Group who is restricted from voting on certain APPF Resolutions, is entitled to attend and vote at the APPF Meetings either in person or by proxy or, in the case of a body corporate, by its corporate representative.

The APPF Notices of Meeting are contained in the APPF Securityholder Booklet which has been sent to APPF securityholders with this Explanatory Memorandum.

APPF securityholders will be asked to consider and if thought fit, pass the APPF Resolutions, as follows:

- approval of the scheme of arrangement between APPML≈and its members;
- approval of the capital reductions of APPML as part of the Merger steps;
- amendment to the constitutions of APPML and APPT;
- in the case of APPML and APPT, approval of the Merger for all purposes;
- approval of the giving of financial benefits by APPML to related parties under the Stapling Deed; and
- approval of a consolidation of APPML shares as part of the Merger steps.

APPF securityholders will also consider resolutions to appoint Mr Frank Zipfinger, Mr Guy Farrands and Mr John Carter as non-executive directors of APPML with effect from the day following the Implementation Date of the APPML Scheme. The Merger is not conditional on these APPML Director Appointment Resolutions being passed.

2.9.2 Aspen Group securityholder approvals and voting entitlement

Each Aspen Group securityholder who is on the Aspen Group Register at the Voting Record Date is entitled to attend and vote at the Aspen Group Meetings either in person or by proxy or, in the case of a body corporate, by its corporate representative.

The Aspen Group Notices of Meeting are contained in the Aspen Group Securityholder Booklet which has been sent to Aspen Group securityholders with this Explanatory Memorandum.

Aspen Group securityholders will be asked to consider and if thought fit, pass the Aspen Group Resolutions, as follows:

- approval of the scheme of arrangement between AGL and its members;
- approval of the capital reductions of AGL as part of the Merger steps;

- amendment to the constitutions of AGL and APT;
- in the case of AGL and APT, approval of the Merger for all purposes;
- approval of the giving of financial benefits by AGL to related parties under the Stapling Deed;
- approval of a consolidation of AGL shares as part of the Merger steps;
- approval of a buy-back of AGL shares as a component of Merged Group Stapled Securities under the Cash Option; and
- approval of a rebalancing of capital between AGL and APT.

2.10 Securityholders who do not want to participate in the Merger

2.10.1 APPF securityholders

APPF securityholders who do not want to participate in the Merger may seek to sell their APPF securities at any time on or before 7 December 2015, although this may be difficult as these securities are not listed. APPF securityholders have no right to require that their securities be bought or redeemed by AFML or anyone else. Trading or transfers occurring after the Effective Date will not be recognised and transfers will not be registered after 10 December 2015.

2.10.2 Aspen Group securityholders

Aspen Group securityholders who do not want to participate in the Merger may sell their Aspen Group securities on the ASX on or before 7 December 2015. Trading or transfers occurring after the Effective Date will not be recognised and transfers will not be registered after 10 December 2015.

2.11 Court approval

If the Resolutions are approved by the requisite majorities of APPF securityholders and Aspen Group securityholders at the respective Meetings, and all conditions precedent have been satisfied or waived (if applicable), AGL and APPML will apply to the Court at the Second Court Hearings for an order approving the Schemes, and APT RE and APPT RE will apply to the Court for judicial advice that APT RE and APPT RE are respectively justified giving effect to the amendments to the APT and APPT constitutions and doing all things necessary to implement the Merger.

Each securityholder has the right to appear at the Second Court Hearings.

2.12 Implications if the Resolutions are not approved

If any of the Resolutions (other than the APPML Director Appointment Resolutions) are not approved by the requisite majorities of APPF securityholders or Aspen Group securityholders or all other conditions precedent are not satisfied or waived (if applicable):

- the Merger will not take place;
- APPF will remain as an unlisted fund and continue to operate within the same framework as it currently does;
- Aspen Group will remain listed on the ASX and continue to operate as it currently does;
- the expected benefits of the Merger will not be realised and some the disadvantages and risks associated with the Merger will not arise;
- APPF securityholders will retain their APPF securities, and Aspen Group securityholders will retain their Aspen Group securities; and
- APPF securityholders and Aspen Group securityholders will not receive the Merger Consideration.

For APPF securityholders however, APPF's current open-ended and unlisted structure does not satisfy the preferences of a large proportion of APPF securityholders for liquidity, as indicated by applications under previous APPF Withdrawal Offers to securityholders. Furthermore, the structure of APPF is not conducive to raising new equity capital, thus constraining potential development and acquisition growth opportunities.

If the Merger does not proceed, there would be a further review of the capital structure of APPF including an assessment of the amount and timing of any future Withdrawal Offers.

For Aspen Group securityholders, it is possible that the Aspen Group security price may fall if the Merger is not implemented. On 15 October 2015 (the trading day before this Explanatory Memorandum was lodged with the ASIC), the closing price of Aspen Group securities was 14.3% higher than the $1.23 at which it closed on 11 September 2015 (the trading day before the Merger was announced).

If the Merger does not proceed, the costs that will be shared by APPF and Aspen Group during FY16 are forecast to be approximately $1.5 million, reflecting costs associated with the Merger preparation including legal, tax, financial advisers, accounting and independent expert costs, application fees to regulatory authorities and issue costs of the Disclosure Documents. In this event the merger costs will be borne approximately 33% by APPF and approximately 67% by Aspen Group.

2.13 No brokerage or stamp duty costs

No brokerage, stamp duty or other costs will be payable by Securityholders as a consequence of the Merger, regardless of whether and how Securityholders vote and their elections.

3. Merger Rationale for APPF Securityholders

3.1 Recommendation of the Board of APPF

The APPF Board considers the Merger is a compelling proposition for APPF securityholders and therefore the APPF Board unanimously recommends APPF securityholders vote in favour of all of the APPF Resolutions, in the absence of a superior proposal.

The APPF Board has considered the advantages and disadvantages and has concluded that the anticipated benefits of the Merger outweigh the possible disadvantages:

- it provides APPF securityholders the option of liquidity at a premium to NAV, or to benefit from the ownership of a larger, ASX listed entity in an improved position to execute the acquisition and development growth strategy; and
- the available liquidity under the Merger significantly exceeds that of any alternative Withdrawal Offer.

3.2 Independent Expert's conclusion

The Independent Expert has considered the advantages and disadvantages of the Merger which are set out in the Independent Expert's report in Annexure A, and has determined that the Merger is fair and reasonable and in the best interests of APPF securityholders.

3.3 Background to the Merger for APPF securityholders

APPF was established in 2004 as an open-ended and unlisted property Fund with the strategy of owning and managing a portfolio of accommodation parks so as to pay regular income distributions and the potential for capital growth. As at 30 June 2015, APPF's portfolio comprised 21 properties valued at $189 million. APPF has paid monthly income distributions since inception, however, securityholder value and distributions have been negatively impacted since 2013 by the significant downturn in the resources sector.

APPF's current structure is now considered to be sub-optimal given:

- restricted ability to provide liquidity as and when desired by securityholders;
- the last equity raising conducted by APPF resulted in a low take-up by APPF securityholders which demonstrated the difficulty of raising additional equity; and
- APPF's unlisted structure no longer provides the flexibility demanded by investors and investment administration vehicles.

In May 2015, Aspen Group submitted a confidential, incomplete and non-binding expression of interest to APPF to combine the two groups by way of merger by stapling securities in Aspen Group with securities in APPF.

Governance protocols were adopted which included the establishment of a separate APPF board committee (APPF BC) to assess the merits of the Merger for APPF securityholders. The APPF BC went through a thorough process, which included:

- appointment of separate financial and legal advisers;
- exchange of information between APPF and Aspen Group to assess the relative impact of the Merger;
- assessment of the merits of the Merger relative to APPF's strategic alternatives;
- assessment of the strategic rationale and the ability for the Merged Group to achieve identified operational synergies; and
- independent valuations of all properties other than acquisitions made during FY15.

The final Merger Ratio and terms followed negotiations between Aspen Group, APPF BC and their respective financial and legal advisers, having regard to the relative value and growth contributions of each entity and the sharing of benefits derived from the Merger.

3.4 Strategic alternatives considered by the APPF BC

The APPF BC considered a number of alternatives to address the current structure of the Fund, including the Merger. These alternatives included:

1. Individual property sales

The APPF BC assessed the merit of individual property sales and determined it not to be consistent with the broader strategy of the portfolio, nor would it be in the interests of APPF securityholders who wished to remain invested in APPF. Individual sales would adversely impact the operational efficiency for the remaining properties in the portfolio and had the potential to result in a lower value outcome due to the likely transaction costs for the buyer.

2. Wind up/sale of APPF

The APPF BC assessed the sale of the entire APPF portfolio with the proceeds from the sale being returned to securityholders as part of a Fund wind up. The APPF BC considered that:

- any wind up or portfolio sale would involve significant uncertainty around the amount and timing of proceeds that can be returned to APPF securityholders;
- all APPF securityholders would be forced to realise their securities with no option of remaining invested in an accommodation park portfolio;
- selling costs incurred may adversely impact the final value of capital returned to APPF securityholders; and
- a sale of the portfolio at book value would be inappropriate given the positive sector outlook.

3. ASX listing

The APPF BC considered that APPF would be below the efficient size to list on the ASX, with a small free-float given Aspen Group's 42% holding.

4. Undertake a further equity raising

APPF undertook an entitlement offer in 2014 resulting in little demand from existing investors excluding Aspen Group. In its current form, the APPF BC considered it to be difficult to re-open the fund to equity applications and raise meaningful levels of equity. Furthermore, institutional investors have historically been reluctant to invest through an unlisted retail fund structure.

5. Merge with other entities

The APPF BC considered that a merger with another entity would involve a lengthy period of due diligence (with an uncertain outcome) and execution and approval risk. No proposals have been forthcoming since the incomplete proposal from Ingenia (which was withdrawn) and the APPF BC rejection of an incomplete proposal from Discovery Parks in 2014.

The APPF BC is aware that Discovery Parks is seeking to acquire between 15% and 19.9% of APPF by inviting professional investors and certain other investors to sell their APPF securities to Discovery Parks at $0.55 per APPF security. As this invitation is not open to all APPF securityholders and is only for a limited number of APPF securities it does not represent an alternative to the Merger.

3.5 Benefits of the Merger for APPF securityholders

1. Improved liquidity

- APPF securityholders will have the option of receiving up to 100% consideration in cash (subject to the aggregate $35 million cap on the Cash Option with the balance of any Merged Group Securities scaled back able to be sold under the Sale Facility), or remaining invested in the Merged Group which will be a leading owner and manager of value for money accommodation listed on the ASX. Trading on the ASX remains subject to market conditions, such as there being sufficient buyers of Merged Group securities. Aspen Group has historically had low liquidity, with full details of Aspen Group's historic price/volume and trading history located at Section 5.1.4 of the Explanatory Memorandum; and
- APPF securityholders who retain Merged Group Securities will have the flexibility to add to, or reduce, their holdings via trading in Merged Group Securities on the ASX.

2. Premium to Net Asset Value (NAV) and increased distributions/earnings

- the Merger Consideration represents a value range between $0.52 and $0.54,[23] which is a value range premium between 12.5% and 17.5% to the APPF NAV per security of $0.4622 as at 30 June 2015. The Independent Expert believes the fair value of a Merged Group Security to be in the range of $1.30 to $1.40. This implies a consideration received in the range of $0.50 to $0.54 per APPF security, which is a value range premium between 9% and 17% to the APPF NAV per security. Further detail provided in Section 11.4 of the Independent Expert's Report;
- 18 of APPF's 21 properties have been independently valued as at 30 June 2015, with the remaining three independently valued prior to their acquisition in FY15;
- the Merged Group FY16 annualised distribution is 12.0 cents per security;[24]
- for APPF securityholders who retain Merged Group Securities, the distribution guidance for FY16 is 4.6 cents per security, which is 16% higher than current APPF distributions of 4.0 cents per security;[25] and
- a potential 8% accretion on an earnings per security basis, depending on the quantum of take up by APPF securityholders of the Cash Option.

3. More appropriate capital structure

- pro forma 30 June 2015 gearing of the Merged Group is expected to range from approximately 27% – 39%, based on zero to full take-up of the Cash Option; and
- post a sale of Spearwood South industrial property, pro forma 30 June 2015 gearing of the Merged Group would range from 20% to 33%, with the range based on a zero to full take-up of the Cash Option.

4. Improved access to capital markets

- the Merged Group is expected to have an improved access to equity and debt capital markets given the increased scale and listing on the ASX, which will encourage investment by institutional investors.

5. Clear and consistent investment strategy

- APPF securityholders who retain Merged Group Securities will retain exposure to an investment strategy that is consistent with the current strategy of APPF;
- with Aspen Group's knowledge of APPF there will be limited business interruption and integration risk in completing the Merger; and
- internalised management.

23 Consideration represents a range of either (a) the cash consideration of $0.52 or (b) the Merger Ratio multiplied by Aspen Group's 10 day VWAP ($1.41 as at 16 October 2015)

24 The Merged Group is forecasting an FY16 annualised distribution of 12.0 cents per Merged Group security, based on 2H FY16 distribution forecast of 6.0 cents per Merged Group security and no material change in business conditions. The APPF equivalent of 4.6 cents represents 12.0 cents multiplied by the Merger Ratio of 0.386 Merged Group securities for each APPF security.

25 Current APPF distribution is the annualised income distribution rate as outlined in APPF's Full Year Financial Results and Fund Update released on 24 August 2015.

3.6 Potential disadvantages and risks of the Merger for APPF securityholders

1. APPF securityholders who retain Merged Group Securities will receive future distributions on a half yearly basis rather than a monthly basis.
2. APPF securityholders who retain Merged Group Securities will hold a reduced interest in the Merged Group:
   - as at the date of this Explanatory Memorandum, APPF securityholders (excluding Aspen Group) hold a combined interest of 58% in APPF; and
   - from the Implementation Date former APPF securityholders (excluding Aspen Group) will hold a reduced stake of between 18.7% and 31.5% in the Merged Group.[26]
3. Approval of the Merger would preclude other strategies for APPF:
   - approval of the Merger would preclude the strategic alternatives considered by the APPF BC (as described in Section 3.4) from being pursued; and
   - the APPF Directors believe that the Merger is a compelling proposition for APPF securityholders and unanimously recommend that APPF securityholders vote in favour of the APPF Resolutions in the absence of a superior proposal.
4. The risk and investment profile of APPF securityholders will change:
   - if the Merger is implemented, the Merged Group will own the properties currently separately owned by Aspen Group and APPF. Existing APPF securityholders who retain Merged Group Securities will be subject to the risks relating to the ownership and operation of Aspen Group's properties and platform, in particular Aspen Karratha Village and the Spearwood South industrial property, the latter being a non-accommodation asset held for sale; and
   - for APPF securityholders who retain Merged Group Securities, the Merged Group Securities will be quoted for trading on the ASX and subject to listed daily market movements and volatility, in a way that APPF securities are not. The Independent Expert believes the fair value of a Merged Group Security to be in the range of $1.30 to $1.40. This implies a consideration received in the range of $0.50 to $0.54 per APPF security, which is a value range premium between 9% and 17% to the APPF NAV per security. Further detail provided in Section 11.4 of the Independent Expert Report.
5. Earnings per security could potentially be diluted by 9%, depending on the quantum of take up by APPF securityholders of the Cash Option.
6. For those APPF securityholders who elect the Cash Option, there is no guarantee that they will have all of their Merged Group Securities bought-back. Furthermore, to the extent they are scaled back and participate in the Sale Facility, there is a risk that APPF securityholders may receive a lower price under the Sale Facility than under the Cash Option.
7. Trading during deferred settlement trading period:
   - Securityholders may not know the exact number of Merged Group Securities that they will retain as Merger Consideration until a number of days after those securities can be traded on the ASX on a deferred settlement basis. Securityholders who trade Merged Group Securities on a deferred settlement basis without knowing the number of Merged Group Securities they will retain may risk adverse financial consequences if they purport to sell more Merged Group Securities than they retain.
8. There will no longer be Withdrawal Offers with the pricing based on the net asset value (NAV) of APPF securities. Sale price of the Merged Group Securities will be based on trading on the ASX, which may be more or less than NAV, from time to time.
9. If the Merger proceeds, there may be tax consequences for Securityholders. As part of the Merger, each APPF securityholder will be paid a capital return, which will immediately be invested to acquire Aspen Group securities. This capital return from APPF will result in APPF securityholders either having their CGT cost base reduced or realising a capital gain or a capital loss, depending on each APPF securityholders cost base in APPF securities. Securityholders should seek their own professional advice regarding individual tax consequences of the Merger. Further general information on the tax consequences of the Merger is set out in the Taxation Report in Annexure C to the Explanatory Memorandum.
10. The risks associated with an investment in the Merged Group are described in more detail in Section 9.

26 Assuming no securityholder elects the Cash Option.

4. Merger Rationale for Aspen Group Securityholders

4.1 Recommendation of the Aspen Group Board

The Aspen Group Directors considers the Merger a compelling proposition for Aspen Group securityholders and therefore unanimously recommend that Aspen Group securityholders vote in favour of the Aspen Group Resolutions, in the absence of a superior proposal.

The Aspen Group Board has considered the advantages and disadvantages and has concluded that the anticipated benefits of the Merger outweigh the possible disadvantages.

4.2 Independent Expert's conclusion

The Independent Expert has also considered the advantages and disadvantages of the Merger which are set out in the Independent Expert's report in Annexure A, and has determined that the Merger is fair and reasonable and in the best interests of Aspen Group securityholders.

4.3 Background to the Merger for Aspen Group securityholders

Since 2012, Aspen Group has been refocused to deliver a clear and consistent business focused on owning, managing, and developing value for money accommodation. This has included:

- Board restructure and appointments – appointing Clive Appleton and Guy Farrands to the Board in 2012 and John Carter in 2015;
- capital management initiatives – including a $101.4 million entitlement offer and debt restructure in 2012 for Aspen Group and a $41.2 million underwritten entitlement offer for APPF in 2014;
- senior management appointments – Clem Salwin as the Chief Executive Officer and Managing Director and Adam Marrs Ekamper as the Chief Financial Officer in 2013;
- completing a strategic review – announcing the exit from funds management, commencing non-core asset disposals, business simplification, and a focus on the value for money accommodation sector;
- sale of approximately $500 million of non-core assets in 2014 and 2015 across 35 transactions; and
- acquisition of a number of accommodation parks and manufactured housing estates within Aspen Group and APPF.

The Merger with APPF completes Aspen Group's strategic change and structural simplification with a clear focus on owning, managing, and developing value for money accommodation.

The final Merger Ratio and terms followed negotiations between Aspen Group, the separately established APPF Board Committee and their respective financial and legal advisers, having regard to the relative value and growth contributions of each entity and sharing the expected benefits derived from the Merger.

4.4 Benefits of the Merger for Aspen Group Securityholders include:

1. **Increased exposure to a quality portfolio of assets:**
   - the Merger presents an opportunity for Aspen Group to achieve scale efficiently;
   - APPF properties are valued at a weighted average capitalisation rate of 13.1%, with all properties independently valued during FY15;
   - Aspen Group is familiar with the APPF portfolio, leading to limited business interruption and integration risk in completing the Merger;
   - no additional management resources are required to manage the enlarged portfolio; and
   - consistent with Aspen Group's strategy of focusing on value for money accommodation.
2. **Significant operating synergies:**
   - estimated operational efficiencies of approximately $1.7 million per annum upon full implementation, which equates to over 10% of pro forma FY16 distributable earnings; and
   - completes the structural simplification of Aspen Group.
3. **A forecast 28% increase in distributions over current FY16 guidance of 9.4 cents per security:**
   - the Merged Group FY16 annualised distribution guidance is 12.0 cents per security.[27]
4. **A potential accretion on an earnings per security basis ranging between 30% – 54%.**[28]
5. **Appropriate capital structure:**
   - Aspen Group securityholders will benefit from a simplified ownership structure; and
   - Aspen Group securityholders will obtain the benefit of a more appropriately geared Merged Group, with
     - the Merged Group will have pro forma 30 June 2015 gearing ranging from approximately 27% – 39%, based on zero to full take-up of the Cash Option; and
     - post a sale of Spearwood South industrial property, Merged Group pro forma 30 June 2015 gearing would range from 20% to 33%, with the range based on a zero to full take-up of the Cash Option.
6. **Improved access to capital markets:**
   - the Merged Group is expected to have an improved access to equity and debt capital markets given increased scale; and
   - the Merger enlarges Aspen Group's investor and capital base creating the potential for increased trading of securities on the ASX.

27 The Merged Group is forecasting an FY16 annualised distribution of 12.0 cents per Merged Group security, based on 2H FY16 distribution forecast of 6.0 cents per Merged Group Security and no material change in business conditions.

28 Subject to the take-up of the Cash Option.

4.5 Potential disadvantages and risks of the Merger for Aspen Group Securityholders

1. **Results in a reduction in Aspen Group's net asset value per security:**
   - the pro forma NAV of the Merged Group is estimated to be in the range between $1.18 to $1.20 per security, which is approximately 3.3%–4.8% lower than the Aspen Group NAV of $1.24 per security as at 30 June 2015;[28] and
   - this reduction is due to a combination of one-off transaction costs associated with the Merger (described below), and the NAV price premium between 12.5% and 17.5% applied to APPF securityholders.
2. **The Merged Group is expected to have higher gearing than Aspen Group:**
   - the Merged Group pro forma 30 June 2015 gearing is subject to the level of take up under the Cash Option, with a range of 27%–39% based on zero to full take up under the Cash Option;
   - post a sale of Spearwood South industrial property, Merged Group pro forma 30 June 2015 gearing would range from 20% to 33%, with the range based on a zero to full take-up of the Cash Option; and
   - Aspen Group's gearing as at 30 June 2015 was 8.4%. The increase in Aspen Group's gearing level, post Merged Implementation, is due to funding the Cash Option of the Merger Consideration from its existing debt facility.
3. **The risk and investment profile of Aspen Group securityholders will change:**
   - if the Merger is implemented, the Merged Group will own the properties currently separately owned by Aspen Group and APPF. Aspen Group securityholders will therefore be subject to the risks relating to the ownership and operation of APPF's properties going forward. Aspen currently owns 42% of APPF.
4. **If the Merger proceeds, there may be tax consequences for Securityholders.**

   As part of the Merger, each Aspen Group securityholder will be paid a capital return, which will immediately be invested to acquire APPF securities. This capital return from Aspen Group will result in Aspen Group securityholders either having their CGT cost base reduced or realising a capital gain or a capital loss, depending on each Aspen Group securityholders cost base in Aspen Group securities. Securityholders should seek their own professional advice regarding individual tax consequences of the Merger

4. **The risks associated with an investment in the Merged Group are described in more detail in Section 9.**

28 Subject to the take-up of the Cash Option.

5. Profile of Aspen Group and APPF

5.1 Aspen Group

5.1.1 Overview

Aspen Group is an ASX-listed property group, based in Sydney, and focused on owning, managing and developing value for money accommodation.

Aspen Group's key assets comprise:

- a 42% holding in, and management rights of, APPF;
- a portfolio of five accommodation parks with a carrying value of $61 million;[39] and
- $37m of assets held for sale, consisting predominately of the Spearwood South industrial property.

As at the date of this Explanatory Memorandum, Aspen Group manages directly, or through APPF, 26 accommodation properties with a combined value of $250 million[29] and employs over 400 people.

29 Including Adelaide Caravan Park, which settled on 21 October 2015

Aspen Group was established in 2001 in Perth as a commercial property owner and fund manager. After initially acquiring several commercial assets on its balance sheet, the group's interests grew to include the management of retail and wholesale property funds containing commercial and industrial assets, in addition to management of APPF's accommodation portfolio. Aspen Group also undertook property development operations in a number of these funds, including the development of office buildings, retirement villages, residential housing and a private hospital.

Adverse market conditions, which followed the global financial crisis, prompted the Aspen Group Board to undertake a strategic review at the end of 2012 (see Section 4.3).

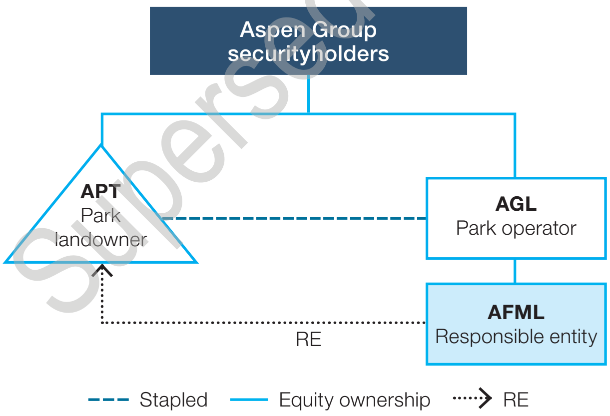
The strategic review, which was completed in 2013, concluded that Aspen Group would simplify the business and become a focused owner, manager and developer of value for money accommodation, reducing overheads and balance sheet leverage in the process. The rationale for focusing on value for money accommodation was to enhance Aspen Group's exposure to a sector which was identified as structurally attractive and in which Aspen Group had significant market leadership, having developed and managed the APPF portfolio since 2004.

Following the strategic review, a non-core asset divestment programme commenced, which has resulted in the sale of approximately $500 million of non-core properties across approximately 35 transactions. The non-core asset divestment program has largely been completed, with the only material asset remaining for sale being the Spearwood South industrial property (see Section 4.3).

5.1.2 Aspen Group structure

Aspen Group consists of a stapling of two entities, AGL and APT. Aspen Group securityholders hold one AGL share and one APT unit, which are stapled together to form one Aspen Group security. AFML is the responsible entity of APT.

An overview of the Aspen Group structure prior to the Merger is set out in the following diagram.



Aspen Funds Management Limited

AFML is the Manager of APPF and is a wholly owned subsidiary of Aspen Group. The Manager is the holder of an Australian Financial Services License (AFSL 227 933) issued by ASIC and acts as the responsible entity of APPT and APT.

The Manager's role encompasses the acquisition of accommodation parks on behalf of APPF, portfolio management, capital raising and fund administration. In addition, the Manager oversees completion of capital expenditure on, and acquisition of, APPF Properties.

AFML management income

AFML receives income associated with the functions it performs as the Manager of APPF.

In the 12 months to 30 June 2015, AFML received fee revenues from its role as the Manager of APPF of approximately $3.0 million.

5.1.3 Portfolio overview

Core property portfolio

Aspen Group's core property portfolio comprises a 42% holding in APPF and five accommodation parks, which are directly owned and managed by Aspen Group.

The accommodation park properties are:

- **Aspen Karratha Village:** located in the north-west Western Australian town of Karratha and predominantly accommodates personnel employed in the resources sector. Aspen Karratha Village was developed by Aspen Group and completed in 2008 under a long-term contract to accommodate employees of Woodside Petroleum Limited. As at 30 June 2015, Aspen Karratha Village contains 180 rooms. A contract extension until January 2018, with respect to 150 of the rooms, was recently executed.
- **Four Lanterns Estate:** acquired by Aspen Group in January 2015 and is a 102 site MHE located within the Leppington Town Centre, part of the major South-Western Sydney growth corridor.
- **Mandurah Gardens Estate:** acquired by Aspen Group in June 2015 and is a 158 site MHE located in the Western Australian city of Mandurah, south of Perth.
- **Tomago Van Village:** located in metropolitan Newcastle and was acquired in August 2015. The property has 160 sites, 136 of which are licensed for long-term use with the balance being short-stay sites. Development approval has been granted for a further 24 long-term sites.
- **Adelaide Caravan Park**: located in Adelaide and forecast to be acquired in October 2015.[30] The property has 76 short term accommodation options, 45 of which are cabin style dwellings, with the balance being either powered or unpowered sites.

30 Expected to settle on 21 October 2015.

Non-core properties

Spearwood South, an industrial property located in Perth, Western Australia, is Aspen Group's sole remaining material non-core asset, the sale of which will largely complete the non-core asset sale process that was commenced following Aspen Group's strategic review.

Spearwood South is fully leased, with a lease term of almost five years. The current carrying value of $29.0m reflects a yield of 11%.

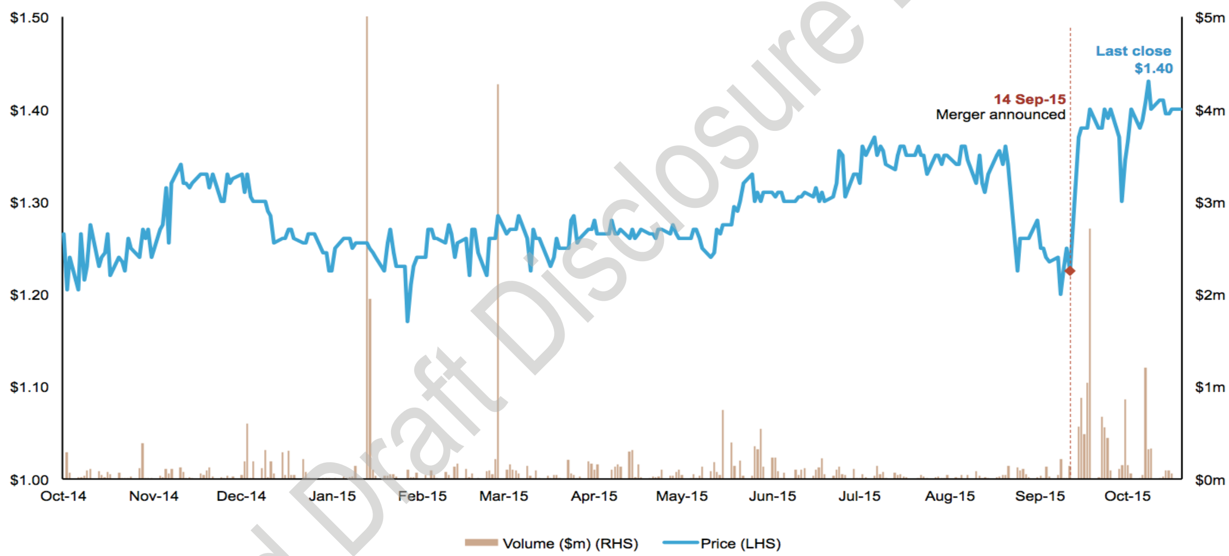
5.1.4 Recent security price trading

As at 16 October 2015;

- the last recorded trading price of Aspen Group securities was $1.40;
- the 90 day trading range for Aspen Group securities was $1.20 – $1.43; and
- the VWAP for Aspen Group securities since the Merger was announced was $1.38

The share price of Aspen Group over the past 12 months is shown in the chart below.

Since 1 October 2014



Source: IRESS Limited as at 16 October 2015

5.1.5 Substantial securityholders

The following securityholders have notified Aspen Group that they have a substantial holding in Aspen Group securities as at 16 October 2015, based on substantial securityholder notices lodged with the ASX, which are available on the ASX website:

Securityholder	Number of securities	% of securities on issue[1]	Last date notified
Allan Gray Australia Pty Ltd	18,467,630	16.3%	13 January 2015
Mill Hill Capital Pty Ltd	13,882,539	12.3%	30 September 2015
BT Investment Management Ltd	9,496,008	8.4%	23 June 2015
Telstra Super	6,918,586	5.8%	2 April 2014
Colonial First State AM	6,048,554	5.3%	4 March 2015
Legg Mason AM	5,971,330	5.3%	16 December 2014

1 Sourced from substantial holding notices lodged with the ASX at 16 October 2015 and rounded to one decimal place.

5.1.6 Capital management

Aspen Group's existing debt facility is proposed to be refinanced as part of the Merger, with details of the new debt facility set out in Section 6.5. The details of Aspen Group's current debt facility are below.

Facility type	Tenor/Term (years)	Amount ($m)
Multi-option debt facility	2.3	60.0
Overdraft facility	1.0	5.0

The key financing metrics of Aspen Group, on a deconsolidated basis are outlined below:

Key financing metrics (as at 30 June 2015)	
Maturity date	Sep 17
Total drawn debt	35.1m
Senior debt facilities	60.0m
LVR	34%/10%[1]
LVR limit covenant	45%
Debt maturity (years)	2.3
Weighted average cost of debt	5.1%

1 Aspen Group LVR pro forma for Adelaide/Tomago/Spearwood.

Gearing is a measure of the level of debt funding and is calculated as interest bearing liabilities divided by total assets. Aspen Group's policy is to maintain gearing at between 25% and 35% over the long term. Aspen Group's gearing as at 30 June 2015 was 8.4%.

There are two key financial covenants under Aspen Group's existing debt facility:

a) **Loan to Value Ratio** (LVR) – Aspen Group's LVR as at 30 June 2015 was 34.1%, measured against the LVR covenant of 45%.

   The LVR under the existing Aspen Group facility is calculated by dividing total interest bearing liabilities (excluding cash), by the latest bank approved valuation of the Aspen Group Properties.

   In the event that Aspen Group had applied all available cash held at 30 June 2015 against interest bearing liabilities, Aspen Group's LVR at 30 June 2015 would have been 18.0%.

b) **Interest Cover** – As at 30 June 2015, Aspen Group's Interest Cover was 5.51 times, measured against the Interest Cover covenant of 2.25 times.

   Interest Cover provides an indication of the ability of an entity to service its debt, as it measures how many times an entity's earnings exceed its interest expense. Under the existing Aspen Group facility, earnings are defined as EBITDA (earnings before interest, tax, depreciation and amortisation) minus unrealised gains plus unrealised losses.

5.1.7 Capital structure

At the date of this Explanatory Memorandum Aspen Group has 113,206,967 securities on issue, and 3,741,510 options or performance rights over Aspen Group securities on issue.

Approval is being sought at the 2015 Annual General Meeting of Aspen Group securityholders for the grant of a further 366,127 performance rights to the Managing Director Clem Salwin. If that approval is obtained, these performance rights will be granted prior to the implementation of the Proposal.

Under Aspen Group's Short Term Incentive Policy, executives hold 45,809 Aspen Group securities in respect of their short term incentive (**STI**) entitlements for the 2015 financial year and rights to receive an amount of Aspen Group securities in respect of their short term incentive entitlements for the 2016 financial year, if any, with a maximum value of $236,120 (of which $ 122,500 is subject to securityholder approval at the 2015 Annual General Meeting of Aspen Group securityholders).

These performance rights, options and STI rights will be adjusted on the Implementation Date so that they convey rights to receive or acquire, as applicable, Merged Group Securities.

All Aspen Group securities rank equally with each other in all respects, including voting, and entitle the holder to participate in distributions and the proceeds on winding up of Aspen Group in proportion to the number of securities held.

5.1.8 Key financial metrics[31]

Key financial metrics ($m)	FY15	FY14	Change
Revenue	65.5	110.6	(41.0%)
Statutory Loss	(31.7)	(81.8)	61.2%
Underlying Profit[1,2]	8.1	14.7	(30.6%)
Underlying Profit (cps)[2]	7.1	12.3	(26.8%)
Operating Cashflow	3.4	40.5	(92.0%)
Gearing/Look through gearing (%)	35.0%/22.5%	nil/nil	35.0%/22.5%
Net Asset Value ($/Security)	1.26	1.50	(16.0%)
Distribution per security (cps)	9.0	11.5	(21.7%)

1 Operating profit attributable to equity holders of Aspen

2 Restated to reflect depreciation expense as underlying. Refer to Section 8.1 for further details.

5.1.9 Remuneration and retention arrangements

Aspen Group has the following remuneration structure for its executives:

FIXED	AT RISK	
Fixed remuneration	Short term incentive (**STI**)	Long Term Incentive (**LTI**)
CASH	EQUITY	
• Base salary and superannuation • Reviewed annually • Determined by experience, qualifications and role	• 75% of STI (50% for the CEO) awarded paid September of each year. • 25% of the STI (50% for the CEO) outcome is deferred for 18 months (Deferred STI) in Aspen Group securities • STI dependent on individual performance to KPI's • STI dependent on Group performance	• Performance Rights Plan subject to three year vesting • 100% Relative Total Shareholder Return
Base level of reward competitive with the market	Encourages sustainable performance in the medium to longer term and provides a retention element	

Within the above remuneration structure, executives may be entitled to Aspen Group securities through the following mechanisms:

- Deferred STI – this portion of an executive's STI is paid as Aspen Group securities which are held subject to a holding lock for a period of 18 months from the grant date. In order to have the holding lock released, the executive must achieve a further hurdle – a period of 18 months continuous employment with Aspen Group after the granting of the award. Furthermore, the vesting of the deferred STI amount is subject to testing by Aspen Group that there was no material misstatement in respect of the key performance indicators that were used in assessing the original award. The determination of whether a material misstatement has occurred is for the absolute discretion of the Aspen Group Board to determine. If either of these hurdles are not met the executive will forfeit their interest in these securities. Aspen Group securities held as deferred STI will participate in the Merger on the same basis as all other Aspen Group securities.
- Long term incentive (**LTI**) – Aspen Group's LTI is delivered via a Performance Rights Plan, which has been in place since 2010 and which was refreshed at the 2013 Annual General Meeting. A performance right granted under the Performance Rights Plan is a conditional right to acquire a stapled security for nil consideration (although the terms of the Performance Rights Plan enable the Aspen Group 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). All of the current performance rights are subject to a vesting conditions based on Aspen Group's total securityholder return or TSR relative to a comparator group measured over a three year period from the start of the financial year in which they are offered. On the Implementation Date all existing performance rights will be adjusted to convey the right to acquire Merged Group Securities rather than Aspen Group securities on a one-for-one basis. That means performance rights which currently convey the right to acquire 100 Aspen Group securities will be adjusted on the Implementation Date to convey the right to acquire 100 Merged Group Securities. The vesting conditions and relative TSR targets will be maintained as TSR is based on the total securityholder return enjoyed by the holder of one Aspen Group security which on and from the Implementation Date will be treated as being the holder of one Merged Group security.

Further detail in relation to the LTI and the STI and the relevant performance conditions are available in Aspen Group's 2015 Remuneration Report (contained in Aspen Group's Annual Financial Report for the year ended 30 June 2015).

31 Consolidated with Aspen Group's 42% ownership position in APPF

5.1.10 Directors

The directors of AGL and AFML, and their holdings in Aspen Group securities as at the date of this Explanatory Memorandum, are as follows:

	AGL	AFML	Executive status	Independence status	Interest in Aspen Group securities	Interests in APPF securities
Frank Zipfinger	x	x	Non-executive	Independent	206,132	50,529
Clive Appleton	x	x	Non-executive	Independent	31,000	–
Guy Farrands	x	x	Non-executive	Independent	135,475	–
John Carter	x	x	Non-executive	Non-independent	13,882,539	–
Clem Salwin*	x	x	Executive	Non-independent	1,652,555†	–

* Subject to securityholder approval at the 2015 Annual General Meeting of Aspen Group securityholders, Clem Salwin will receive STI rights in respect of his short term incentive for the 2016 financial year. The value of the securities to which Clem Salwin's STI rights for the 2016 financial year relate will depend on the value of the deferred component of his STI award for the 2016 financial year, if any. The maximum value of the deferred component of his STI award for the 2016 financial year is $122,500.

† Mr. Clem Salwin also has 1,729,412 options exercisable September 2016 at a price of $2.00 and 1,354,604 performance rights. Subject to securityholder approval at the 2015 Annual General Meeting of Aspen Group securityholders, a further 366,127 performance rights will be granted to Clem Salwin. If that approval is obtained, these performance rights will be granted prior to the implementation of the Proposal.

Each of the Aspen Group Directors will be entitled to vote at the Aspen Group Meetings and participate in the AGL Scheme (in their capacities as shareholders of AGL) on the same terms as all other Aspen Group securityholders. Each Aspen Group Director who holds Aspen Group securities intends to vote, in their capacity as shareholders of AGL, any Aspen Group securities held or controlled by him in favour of the AGL Scheme.

5.1.11 No pre-transaction benefits

During the period of four months before the date of lodging this Explanatory Memorandum with ASIC, neither Aspen Group nor any associate of Aspen Group gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an associate of the other person to vote in favour of the Merger or to dispose of APPF securities.

5.1.12 Material changes in Aspen Group's financial position since last published accounts

Other than as disclosed in this Explanatory Memorandum, the Aspen Group Board is not aware that the financial position of Aspen Group has materially changed since 30 June 2015, being the balance date for the FY15 accounts.

5.2 APPF

5.2.1 Overview of APPF

APPF is an unlisted property fund owning 21 accommodation parks across Australia valued at $189 million. APPF's objective since its establishment in 2004 has been to provide securityholders with regular income distributions and the potential for long-term capital growth. APPF currently has approximately 3,000 securityholders on its register.

Aspen Group has a 42% holding in APPF and is its manager. As such, APPF pays fees to a subsidiary of Aspen Group (AFML) under a fund management agreement in exchange for the functions AFML performs as the Manager of APPF. The fees that Aspen Group are entitled to under this arrangement include:

- Management base fee – annual base management fee of 1.0% of the total gross assets of APPF. This fee was reduced from 1.5% subject to AFML remaining responsible entity of APPT;
- Management performance fee – performance fee payable in certain circumstances (this fee is only payable where the amount available for distribution to APPF securityholders per annum exceeds 10 cents);
- Acquisition management fee – an acquisition fee of 5.0% of the acquisition value of all properties exclusive of acquisition costs. Currently, AFML only charges 2.0%;
- Sale fee – a sale fee of 1.5% of the net proceeds of property sales. This fee is only payable if the net proceeds of sale (or value of initial market capitalisation on the basis of being listed on the ASX) exceeds the CPI adjusted acquisition price (exclusive of acquisition costs). Currently, AFML does not charge this fee;
- Incentive fee – based on the growth in value of the APPF's assets, AFML will receive 10% of the amount of the sale price of each property or value of the initial market capitalisation in the event of APPF being listed on the ASX, which is greater than the CPI adjusted acquisition price (exclusive of acquisition costs);
- Project development fee – a project management fee of 6.5% is payable to AFML on the construction costs of any capital improvements on APPF Properties;
- Debt arrangement fee of 1.0% on any new debt facility negotiated on APPF's behalf. Currently, AFML does not charge this fee; and
- Reimbursement of fund expenses – AFML is entitled to be reimbursed for any costs or expenses incurred in establishing and managing APPF. These costs (including fees and expenses payable to AFML for the provision of custody services), have been estimated to be 0.2% of the gross asset value of APPF.

In the 12 months to 30 June 2015, APPF paid management fees to AFML of approximately $3.0 million.

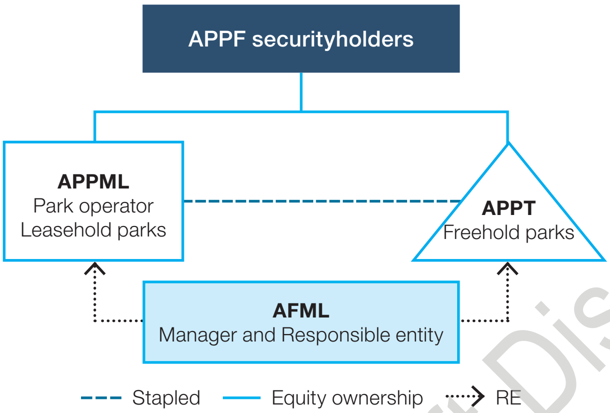
AFML is not charging APPF any fees with respect to any transaction or event that occurs as part of the Merger.

5.2.2 APPF structure

APPF consists of two entities, APPML and APPT. APPF securityholders hold one APPML share and one APPT unit, which are stapled together to form one APPF security.

As outlined in the diagram below, APPT owns all freehold park assets and APPML (or its subsidiaries) owns all interests in the leasehold park assets. APPT leases the freehold park assets to APPML, which manages all freehold park assets. The resulting net taxable income of APPT is fully distributed to APPF securityholders.

In addition, APPML (or its subsidiaries) manages all leasehold park operations. APPML therefore undertakes all operational activities for each of the APPF Properties. The net profit of APPML may be distributed to APPF securityholders or retained in APPF.



Further information on APPF can be found at www.aspenfunds.com.au/funds.

5.2.3 Portfolio overview

APPF's portfolio comprises 21 accommodation parks located in New South Wales, Victoria, Western Australia, Queensland and South Australia. The parks typically have a combination of permanent cabins, annual rentals and short-stay accommodation. A range of accommodation is offered depending on the park, including one, two- and three-bedroom cabins, and powered and unpowered sites.

Four of the 21 APPF Properties predominantly accommodate people employed in the resources sector. Three of these properties, Balmoral Holiday Park, Cooke Point, and Pilbara Holiday Park, are located in the north west of Western Australia, and the other, Myall Grove Holiday Park, is located in South Australia. These four resource parks represent 11% of the value of the APPF Property portfolio.

A brief summary of the APPF portfolio is set out below. A description of each property is provided in Section 7.

Number of parks	21
Value	$189m
Hectares	148.3
Number of sites	4,673
Capitalisation rate (weighted average)	13.1

5.2.4 Recent performance

Valuation

Independent valuations were conducted for 18 of APPF's properties for the 30 June 2015 financial report, with the remaining three properties independently valued at the time of being acquired in FY15. The net asset value per APPF security was $0.4622 as at 30 June 2015.

Income distribution

Since inception in July 2004, APPF has paid a monthly income distribution from the cash flows generated by APPF's property portfolio. APPF has the right to stop or vary distributions at any time.

Any income that is retained and not distributed in a current year may be used to fund capital expenditure, meet working capital requirements, reduce debt, fund the purchase of additional accommodation parks or be retained for future distributions.

Liquidity

Providing liquidity for APPF securityholders has been an important consideration leading to the Merger proposal, as APPF is an unlisted fund. APPF is not listed on any securities exchange, there is no guaranteed redemption of APPF securities and no formal secondary market exists.

There are currently two facilities which provide APPF securityholders with liquidity:

- Withdrawal Offers conducted by APPF directly; and
- a Hardship Facility which is provided by AFML on behalf of Aspen Group.

APPF Withdrawal Offers

Withdrawal Offers enable APPF securityholders to withdraw their investment via a repurchase of securities by APPF. APPF's policy is to undertake a Withdrawal Offer at least annually.

The most recent Withdrawal Offer was in November 2014 following the completion of APPF's October 2014 entitlement offer. The Withdrawal Offer was for the amount of $6 million, or 11.5 million securities. This represented 32.3% of the overall Withdrawal Offer requests submitted by APPF securityholders. No Withdrawal Offer is currently being considered by APPF, due to the Merger.

Funds applied to the Withdrawal Offer are used to repurchase APPF securities which are subsequently cancelled. If a Withdrawal Offer is made, the following is relevant:

- the Withdrawal Offer price is determined, in accordance with the APPF constitution, at the end of the Withdrawal Offer period and includes an allowance for transaction costs:
  - In accordance with the Withdrawal Offer policy, if a Withdrawal Offer were conducted as at 30 June 2015, the net proceeds offered to APPF securityholders would have been the NAV per APPF securities as at 30 June 2015 of $0.4622 less transaction costs of 0.50%, resulting in net proceeds of $0.4599 per APPF security.

- APPF securityholders would be informed in writing of the Withdrawal Offer period, with a minimum of 28 days to submit a request for withdrawal under the Withdrawal Offer, should APPF securityholders wish to exit APPF. In accordance with the Corporations Act, payments are made under a Withdrawal Offer within 21 days of the close of the Withdrawal Offer period;
- where the total withdrawal requests exceed the size of the Withdrawal Offer being made, the Manager would satisfy withdrawals on a pro rata basis, in accordance with the Corporations Act. The Manager may also elect to satisfy withdrawals at a higher level, in accordance with the Corporations Act; and
- the Manager would normally fund a Withdrawal Offer through existing cash reserves but has the ability to consider other liquidity options in the future, including but not limited to increasing debt or the sale of assets.

APPF Hardship Facility

The Manager, on behalf of Aspen Group, offers a facility to allow APPF securityholders to access some of their funds invested in APPF, where they can demonstrate hardship in line with the policy guidelines of the APPF Hardship Facility, generally for severe health or financial reasons. Claims are reviewed by the Manager's compliance manager in line with the guidelines set out in the policy. The policy can be viewed on APPF's website: www.aspenfunds.com.au/funds.

5.2.5 Substantial securityholders

As at the date of this Explanatory Memorandum Aspen Group was the sole substantial securityholder in APPF with a holding of 97.6 million securities representing 42% of issued APPF securities.

Aspen Group's holding in APPF increased from 20.4 million securities to 97.6 million securities due to Aspen Group participating fully in and underwriting the approximately $41 million entitlement offer that APPF completed in October 2014.

Aspen Group is not entitled to vote on the APPF Resolutions of APPT in respect of the APPF securities it holds on the Voting Record Date.

5.2.6 Capital management

APPF's existing debt facility is proposed to be refinanced as part of the Merger, with details of the new debt facility set out in Section 6.5. The details of APPF's current debt facility are below

Facility type	Tenor/Term (years)	Amount ($m)
Multi-option debt facility	2.3	110.0
Overdraft facility	1.0	5.0

The key financing metrics of APPF are outlined below:

Key financing metrics (as at 30 June 2015)

Maturity date	September 2017
Total drawn debt	107.4m
Senior debt facilities	110.0m
LVR	48%/(39%[1])
LVR limit covenant	50%
Debt maturity (years)	2.3
Weighted average cost of debt	4.7%

1 APPF LVR pro forma for three north-west WA properties sold.

Gearing is a measure of the level of debt funding used by an entity, and is calculated as interest bearing liabilities divided by total assets. APPF's policy is to maintain gearing at between 35% and 45% over the long term. APPF's gearing as at 30 June 2015 was 46.3%. Subsequent to 30 June 2015, APPF has settled the sale of its three parks held for sale, which has reduced the pro forma 30 June 2015 gearing to 37.4%.

There are two key financial covenants under APPF's existing debt facility:

a) **Loan to Value Ratio (LVR)** – APPF's LVR as at 30 June 2015 was 47.8%, measured against the LVR covenant of 50%

   The LVR under the existing APPF facility is calculated by dividing total interest bearing liabilities less cash, by the latest bank approved valuation of the APPF Properties.

   Subsequent to 30 June 2015, APPF has settled the sale of its three parks held for sale, which has reduced the pro forma 30 June 2015 LVR to 39.3%.

b) **Interest Cover** – As at 30 June 2015, APPF's Interest Cover was 3.3 times, measured against the Interest Cover covenant of 2.25 times

   Interest Cover provides an indication of the ability of an entity to service its debt as it measures how many times an entity's earnings exceed its interest expense. Under the existing APPF facility, earnings are defined as EBITDA (earnings before interest, tax, depreciation and amortisation) minus unrealised gains plus unrealised losses.

5.2.7 Capital structure

At the date of this Explanatory Memorandum, APPF has 232,636,714 securities on issue.

All APPF securities rank equally with each other in all respects, including voting, and entitle the holder to participate in distributions and the proceeds on winding up of APPF in proportion to the number of securities held.

5.2.8 Key financial metrics

Key financial metrics ($m)	FY15	FY14	Change
Revenue	59.9	67.8	(11.6%)
Statutory Loss	(5.0)	(48.5)	(89.6%)
Underlying Profit	4.7	6.3	(8.5%)
Underlying Profit (cps)	1.1	2.6	(18.5%)
Operating Cashflow	8.4	6.7	(24.8%)
Gearing (%)	46.3%	51.4%	(9.9%)
Net Asset Value ($/Security)	$0.4622	$0.5299	(12.8%)
Distribution per security (cps)	4.0	6.5	(38.2%)

5.2.9 Remuneration and retention arrangements

The remuneration framework for executives provides a mix of fixed and variable ("at risk") pay. The remuneration framework for APPF executives comprises the following components:

- fixed remuneration, including base remuneration, superannuation and other fixed employment benefits; and
- at risk remuneration, consisting of a short term incentive. The short term incentive is an "at risk" incentive awarded annually and is paid in cash, subject to retentions, based on individual performance against agreed key performance indicators, as well as the performance of APPF.

APPF does not have any remuneration plans which grant employees the ability to obtain APPF securities.

5.2.10 Directors

The directors of APPML and AFML, and their holdings in APPF securities as at the date of this Explanatory Memorandum, are as follows:

	APPML	AFML	Executive status	Independence status	Interest in APPF securities	Interest in Aspen Group securities
Frank Zipfinger		x	Non-executive	Non-independent	50,529	206,132
Clive Appleton	x	x	Non-executive	Non-independent	–	31,000
Guy Farrands		x	Non-executive	Non-independent	–	135,475
John Carter		x	Non-executive	Non-independent	–	13,882,539
Reg Gillard*	x		Non-executive	Independent	–	–
Clem Salwin	x	x	Executive	Non-independent	–	1,652,555†‡

* Intention to resign following Merger implementation

† Subject to securityholder approval at the 2015 Annual General Meeting of Aspen Group securityholders, Clem Salwin will receive STI rights in respect of his short term incentive for the 2016 financial year. The value of the securities to which Clem Salwin's STI rights for the 2016 financial year relate will depend on the value of the deferred component of his STI award for the 2016 financial year, if any. The maximum value of the deferred component of his STI award for the 2016 financial year is $122,500.

‡ Mr. Clem Salwin also has 1,729,412 options exercisable September 2016 at a price of $2.00 and 1,354,604 performance rights. Subject to securityholder approval at the 2015 Annual General Meeting of Aspen Group securityholders, a further 366,127 performance rights will be granted to Clem Salwin. If that approval is obtained, these performance rights will be granted prior to the implementation of the Proposal.

Any APPF Director holding APPF securities will be entitled to vote at the APPF Meetings and participate in the APPML Scheme (in their capacities as shareholders of APPML) on the same terms as all other APPML securityholders. Mr Zipfinger, being the only APPF Director holding APPF securities, intends to vote, in his capacity as a shareholder of APPML, any APPF securities held or controlled by him in favour of the APPML Scheme.

5.2.11 No pre-transaction benefits

During the period of four months before the date of lodging this Explanatory Memorandum with ASIC, neither APPF nor any associate of APPF gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an associate of the other person to vote in favour of the Merger.

5.2.12 Material changes in APPF's financial position since last published accounts

Other than as disclosed in this Explanatory Memorandum, the APPF Board is not aware that the financial position of APPF has materially changed since 30 June 2015, being the balance date for the FY15 accounts.

6. Profile of Proposed Merged Group

6.1 Introduction

The Merged Group will be a leading owner, manager and developer of value for money accommodation properties. The combined portfolio of 26 accommodation properties, comprising over 5,000 sites, valued at $250 million will make it one of the largest accommodation park operators in Australia.[32]

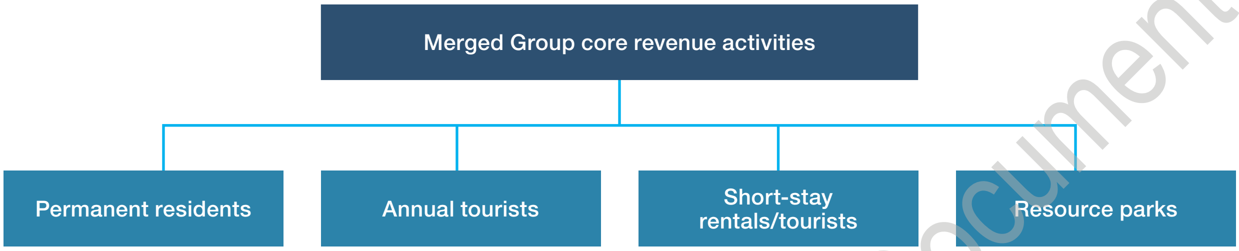
The Merged Group, which will employ over 400 people, will be headquartered in Sydney and will be listed on the ASX under the code APZ.

32 Includes Adelaide Caravan Park, which settled on 21 October 2015.

6.2 Profile of the Merged Group

6.2.1 Business overview

The Merged Group's core revenue activities will consist of:



Permanent residents

Permanent residents are largely retiree customers who occupy properties on a land lease model, where the customer owns their cabin and leases the land from the Merged Group. These residents provide the Merged Group with stable, high quality, annuity-style rental cashflows and the potential to recognise a development margin on the sale of new cabins.

Annual tourists

Similar to permanent residents, annual tourists occupy the properties on a land lease model whereby they own the cabin and lease the land from the Merged Group. These customers also provide annual, annuity-style rental streams to the Merged Group.

Short-stay rentals/tourists

Short-stay rentals comprise tourist and business customers (particularly contractors). These are cabins and caravan sites that are typically rented for one week or less. Contractors, however, occasionally rent these sites for longer periods of time.

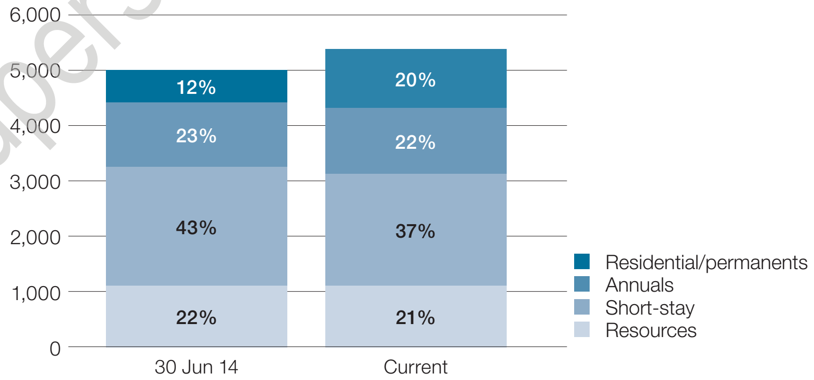
The majority of properties the Merged Group owns are a mix of permanent residents and short-stay customers, which provides greater flexibility to maximise profit and creates the ability to cross-sell product to customers. This mixed exposure is also frequently required by government authorities.

Resource parks

Resource parks cater to business contractors in the resources sector and tourist customers who either lease cabins (typically business/contractors) or caravan sites (typically tourists).

Business contractors typically lease cabins for several months whilst tourists generally lease caravan sites for one week or less. The Merged Group will own one worker facility, largely leased to January 2018, which underpins income security.

The composition by sites is illustrated in the following chart:

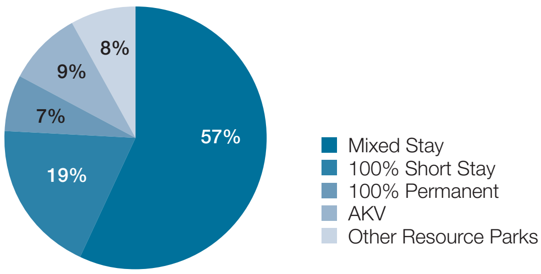


6.2.2 Accommodation portfolio overview

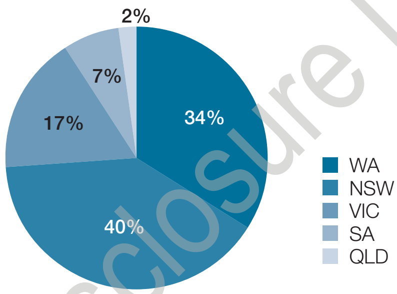
The Merged Group's accommodation portfolio will be diversified by type and geography with representation across metropolitan, regional and tourist locations and have a national footprint.

	Number of properties	Value ($m)	% overall	Number of sites
Mixed residential/short stay	15	143	57%	3,459
100% short stay	4	46	19%	523
100% residential	2	19	7%	260
Resource – Aspen Karratha Village worker facility	1	22	9%	180
Resource – other parks	4	20	8%	923
Total	**26**	**250**	**100%**	**5,345**

Value split by property type



Value split by state



6.3 Merged Group strategy

6.3.1 Operations

The Merged Group will have a market leading, fully integrated and internalised operating platform. This platform will comprise:

1. Scale operations

The Merged Group will have over 400 employees managing 26 properties located in every mainland state, with 40% of the portfolio in NSW.

2. Strong customer franchise

The Merged Group will have a dedicated sales and marketing department and an electronic database containing details of over 200,000 customers reflecting the scale and 11-year operational history of the business. This creates a competitive advantage through a large, low cost, proprietary distribution channel.

3. Integrated digital strategy

A key part of the business, the Merged Group's digital strategy will span social media (Facebook, twitter, Instagram), on-line travel agencies and its own website.

4. Focus on yield management

The business has developed a dynamic pricing model to optimise rates and occupancies. The Merged Group will employ a specialist in-house manager applying hospitality industry techniques and statistical analysis.

5. Operating efficiencies

Significant overhead reductions have been achieved by Aspen Group and APPF since the completion of the strategic review in 2013, through a combination of portfolio simplification and efficiency gains.

The Merged Group will continue to seek operational improvements through a focus on asset clusters, increasing automation, improving supplier relationships and efficiencies expected to come with increased scale.

6.3.2 Development

The Merged Group will be focused on progressing an expanded development pipeline with its in-house team located in both Sydney and Perth.

Development will be driven by demographics and market research with the aim of creating high quality annuity-style rental streams, as well as realising development margins on the sale of cabins.

The Merged Group will look to maximise existing asset opportunities, which include:

- the expansion of short stay cabins: developments at Dubbo Parklands, Dubbo and Ashley Gardens, Melbourne are already underway;
- upgrades or conversion of existing sites: six of the existing properties the Merged Group will own are currently undergoing site upgrades or conversion, generating a development margin or improving the overall property value;

- utilising vacant land: three development applications (DA) are currently in progress to add approximately 200 sites. Assuming these DA's are granted, these sites are expected to start being delivered from late FY16; and
- manufactured housing delivery: expected to significantly expand the number of permanent residential sites, as the Merged Group's pipeline of development and sale opportunities ramp up from its FY15 start.

The Merged Group will continue to expand its development pipeline, with master planning currently underway at five properties, continuing the multi-year growth momentum. Furthermore, new property acquisitions will also assist in building the pipeline (e.g. Tomago was acquired with an in place DA for 24 sites).

Funding has been ear-marked in FY16 for development opportunities at Dubbo Parklands, Ashley Gardens, and commencement of works (subject to DA) on utilisation of vacant land in respect to approximately 110 sites within the Merged Group portfolio.

6.3.3 Acquisitions

Both Aspen Group and APPF have a strong acquisitions track record, having acquired 7 properties valued at $71 million, including acquisition costs, over the last 12 months. The Merged Group will continue to have a focus on potential acquisitions of accommodation properties, subject to the sale of Spearwood South, that meet clear investment criteria focused on:

- location: metropolitan, existing asset clusters, or major regional population centres (especially on the east coast);
- attractive income yields; and
- development potential.

The existing scale of the operating platform facilitates the acquisition and integration of new properties which in turn enhances and reinforces the businesses' scale advantage.

6.4 Property portfolio

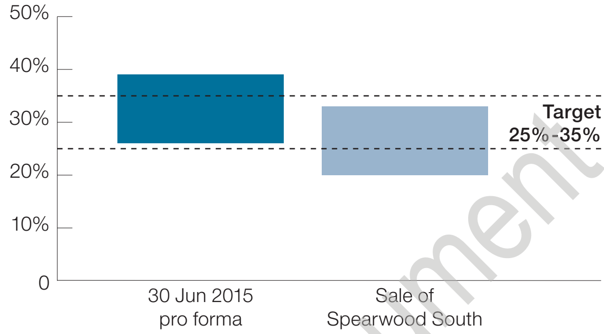
The Merged Group will own 26 accommodation properties across Australia comprising over 5,000 sites with a carrying value of $250 million.

In addition to the accommodation portfolio, the Merged Group will own Spearwood South, Industrial Estate in Perth, which is valued at $28.6 million (net of selling costs) and is classified in the financial accounts as an asset held for sale.

6.5 Capital management

The Merged Group intends to maintain an appropriate capital structure.

Pro forma 30 June 2015 Merged Group gearing is subject to the level of take up under the Cash Option and will range between 27% – 39%, based on zero to full take-up of the Cash Option. Post a sale of Spearwood South industrial property, pro forma 30 June 2015 gearing would range from 20% to 33%, based on a zero to full take-up of the Cash Option.



The Merged Group's target gearing range is between 25% – 35%.

Aspen Group and APPF currently each have a single bank facility in place. It is proposed that upon implementation of the Merger, new facilities will be put in place with each of these banks that will be used to repay the existing facilities of the Merger Entities. In the event that the Merger does not proceed, Aspen Group and APPF would retain their respective bank facilities that exist at the date of this Explanatory Memorandum.

Waivers have been received from both the Aspen Group and APPF financiers in respect to the Merger, and there will be no breach of covenants under either debt facility arising from the Merger occurring.

Details of the Merged Group's proposed bank facilities following the Merger are outlined in the table below:

Facility type	Tenor	Amount ($m)
Multi-option debt facility	2.3	70.0
Multi-option debt facility	2.3	70.0
Overdraft facility	1.0	5.0

The key financing metrics of the Merged Group, assuming a full take up of the Cash Option, are outlined below:

Key financing metrics (as at 30 June 2015)	
Total drawn debt	122.0m
Senior debt facilities	140.0m
LVR	44.3%
LVR covenant	45.0%
Debt maturity (years)	3.0
Weighted average cost of debt	4.0%

In the event that the take up of the Cash Option is less than the $35.0m limit, the Merged Group would have less debt, and a lower LVR. See Section 8.10 for sensitivities on the Merged Group's debt covenants assuming varying levels of take up of the Cash Option.

The Merged Group expects to have sufficient working capital to carry out its states objectives.

6.6 Capital structure

Upon implementation of the Merger, both APPF securityholders and Aspen Group securityholders will hold Merged Group Securities. Outstanding options and performance rights over Aspen Group securities will be converted into options and performance rights to acquire the same number of Merged Group Securities at the same acquisition price (which in the case of performance rights is nil). STI rights granted under Aspen Group's Short Term Incentive Policy which are currently conditional rights to receive Aspen Group securities will be converted into conditional rights to receive the same number of Merged Group Securities.

The number of outstanding interests in Merged Group Securities following the Merger, assuming a full take up of the Cash Option, is outlined below:

Securities on issue

Number of Merged Group Securities on issue	139,346,135
% of Merged Group Securities held by APPF securityholders	26,139,168
% of Merged Group Securities held by Aspen Group securityholders	113,206,967
Number of Merged Group options/ performance rights on issue[1]	3,741,510

1 Subject to shareholder approval at the 2015 Annual General Meeting of Aspen Group securityholders, a further 366,127 performance rights will be granted to Clem Salwin. If that approval is obtained, these performance rights will be granted prior to the implementation of the Proposal.

In the event that the take up of the Cash Option is less than the $30.5m limit, the number of Merged Group Securities on issue would increase.

6.7 Corporate governance

6.7.1 Aspen Group Board and APPF Board

Corporate governance of the Merged Group will be the responsibility of the boards of AGL, APPML and AFML (as responsible entity of APT and APPT), which following the Merger will comprise a common group of directors.

The table below shows the board composition of AGL and AFML at the date of this Explanatory Memorandum and the proposed composition of APPML following implementation of the Merger:

	AGL	AFML	APPML
Frank Zipfinger	x	x	x
Clive Appleton	x	x	x
Guy Farrands	x	x	x
John Carter	x	x	x
Reg Gillard*			
Clem Salwin	x	x	x

* Intention to resign as a director of APPML following Merger implementation

6.7.2 Corporate governance framework

The corporate governance framework for the Merged Group is underpinned by the ASX Guidelines. The ASX Guidelines are recommendations and are not mandatory. The ASX Guidelines provide a reference point against which Australian listed entities can measure, and report on, their corporate governance structures and practices. Listed entities are required to disclose in their annual reports the extent of their compliance with the ASX Guidelines in the reporting period and to disclose why they have not adopted a recommendation under the ASX Guidelines if they consider it to be inappropriate to do so in their particular circumstances. As an ASX listed group, the Merged Group will report against the ASX Guidelines.

The Merged Group Board will include additional details of the Merged Group's corporate governance regime, including board and committee charters and relevant corporate policies and codes which will be available on its website once established, and a corporate governance statement will be included in the Merged Group's annual report outlining the Merged Group's system of governance during that reporting period and the extent of the Merged Group's compliance.

The Merged Group's directors do not anticipate that the Merged Group will depart from the ASX Guidelines; however, it may do so in the future if it considers that such departure is reasonable. Any such departures would be reported in the Merged Group's corporate governance statement.

As AFML is the Manager of APPF, and wholly owned by Aspen Group, the corporate governance frameworks of APPF and Aspen Group (disclosed on the Aspen Group website) are broadly consistent. It is therefore expected that the corporate governance framework that will be adopted by the Merged Group, which is detailed below, will be materially consistent with the corporate governance practices currently in place.

Role of the Merged Group Board

The Merged Group Board will be accountable to Merged Group securityholders. The Merged Group Board will establish a Board Charter to seek to ensure that securityholders' interests are protected and the value of their investment is maximised within acceptable risk parameters.

The primary responsibilities of the Board will be to:

- act in the best interests of securityholders at all times;
- establish and set the strategic direction for the Merged Group;
- establish a framework for the proper governance of the Merged Group;
- provide input and approval to the business plan adopted by senior management to achieve the Merged Group's strategy;
- oversee and approve the internal control systems, risk management measures and codes of conduct;
- review and approval of the annual budget and forecasts; and
- monitor the performance of the executive management team in implementing the Merged Group's strategy, business plan and annual budgets.

Independence of the Merged Group Board

Under the Board Charter, the majority of the Merged Group Board should be independent. The Merged Group will regularly review whether each non-executive director is independent and each non-executive director should provide to the Merged Group Board in a timely manner all information that may be relevant to this assessment. If a director's independence status changes this must be disclosed to the Merged Group Board and notified to the market in a timely manner.

Under the Board Charter, the Chair should be an independent director and the roles of Chair and CEO must not be exercised by the same individual.

The Merged Group is expected to meet both of these guidelines.

Constitutions and compliance plan

The Merged Group will be governed by its constitutions as outlined in Section 12.1.

As required by the Corporations Act, AFML has lodged with ASIC a compliance plan for APT and APPT which sets out the measures that AFML, as responsible entity applies in operating APT and APPT to ensure compliance with the Corporations Act, APT's and APPT's constitutions, any disclosure document and AFML's Australian financial services licence.

Continuous disclosure and communication policy

The Merger Entities have written policies designed to ensure compliance with ASX Listing Rule and Corporations Act disclosure requirements and to ensure accountability at a senior executive level for compliance. The Merged Group Board will adopt a Continuous Disclosure and Communication Policy to ensure that:

- all investors have equal and timely access to material information concerning the Merged Group including its financial position, performance, ownership and governance;
- the Merged Group announcements are factual, presented in a clear and balanced way, are made in a timely manner and do not omit material information; and
- the Merged Group provides securityholders with information in accordance with this policy which includes identifying matters that may have a material effect on the price of the Merged Group's securities, notifying them to the ASX, posting them on the Merged Group's website and issuing media releases.

Securities Trading Policy

In accordance with the Board Charter and the Code of Conduct (see below) there will be a requirement for all directors, executives and employees to abide by the Merged Group's Securities Trading Policy. The policy outlines the circumstances and requirements for trading in the Merged Group's securities by directors, executives and employees.

Directors, key management personnel, and other employees who have access to price sensitive information will not be able to deal in Merged Group Securities without the prior approval of the Company Secretary. The authorisation and dealing restrictions will apply to Merged Group Securities and any derivative product related to Merged Group Securities.

Code of conduct

The Merged Group Board will adopt a Code of Conduct to promote ethical and responsible decision making by directors, management and employees. All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of Aspen Group. All directors and employees who are members of a professional body, are required to comply with their respective bodies' ethical standards. The Code of Conduct must be read and agreed as at the commencement of employment.

Risk Management

The Merged Group will establish policies for the oversight and management of material business risks and disclose a summary of those policies. The Merged Group Board as a whole is ultimately responsible for establishing and reviewing the Merged Group's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. The Merged Group Board has adopted a Risk Management Policy designed to:

- identify, assess, monitor and manage risk; and
- identify material changes to Aspen Group's risk profile.

Audit Committee

The purpose of the Audit Committee will be to assist the Merged Group Board fulfil their corporate governance role in relation to the integrity of the Merged Group's financial reporting, internal control structure, risk management systems and the internal (if any) and external audit functions of the Merged Group and its controlled entities. The Audit Committee attempts to ensure the truthful and factual presentation of the Merged Group's financial performance and position. The duties and responsibilities of the Audit Committee will include:

- reviewing, assessing and monitoring the financial reporting of the Merged Group;
- facilitating the external audit (including making recommendations regarding the appointment, evaluation and removal of the Merged Group's external auditor);
- overseeing the internal audit function; and
- overseeing the compliance of the Merged Group with taxation requirements of the ATO and state taxation bodies.

The Audit Committee shall be comprised of at least three directors, all of whom shall be non-executive directors. A committee chairman, being a non-executive director but not chairman of the Board, shall be appointed by the Board of Directors for a period of three years.

Remuneration Committee

The objective of the Remuneration Committee is to assist the Merged Group Board in establishing the remuneration policy for the Merged Group. The duties and responsibilities of the Remuneration Committee are contained in the Remuneration Committee charter. The duties and responsibilities will include:

- ensuring the remuneration policies and practices are consistent with the Merged Group's strategic direction;
- ensuring the policy is designed to secure and retain senior executives and directors wholly competent in the required fields of expertise;
- reviewing and approving executive remuneration policy;
- approving the Key Management Personnel executive remuneration, on the recommendation of the CEO;
- reviewing recruitment, retention and termination policies and procedures as required;
- determining the remuneration of Merged Group directors; and
- reviewing and approving all equity based remuneration plans.

6.7.3 Directors' biographies

Frank Zipfinger, Chairman

BA (Economics), LLB, LLM, MBA

Mr Frank Zipfinger has over 30 years' experience in the property industry.

Mr Zipfinger was formerly a partner in the Property, Construction & Environment practice of the Sydney office of Mallesons Stephen Jaques where he specialised in property investment and development. Mr Zipfinger was also the chairman of Mallesons Stephen Jaques from 1 February 2005 until 30 June 2010. Prior to this appointment, he completed over 5 years in various roles as a managing partner with the firm.

Mr Zipfinger is a member of the Australian Institute of Company Directors. He is also a member of the Executive Committee of the St Joseph's College Indigenous Fund, a member of the Board of the Melbourne Business School, a council member to Macquarie University and a director of the Australian Youth Orchestra. He is the president of the Ski Lodges Association of Perisher, Smiggins and Guthega Inc.

Mr Zipfinger is a non-executive director of Galileo Japan Trust and is the chairman of the Investor Representative Committee of AMP Capital Wholesale Office Fund and chairman of the Investor Representative Committee of AMP Capital Wholesale Shopping Centre Fund. Mr Zipfinger is also a non-executive director of MHPF Premium Farms (Holdings) Pty Ltd and of the Northcare Foundation.

Clive Appleton

B.Ec, MBA, AMP, GradDip (Mktg), FAICD

Mr Clive Appleton has had a successful career in property and funds management with over 30 years' experience in several of Australia's leading retail property investment, management and development groups.

Mr Appleton's early career was spent with the Jennings Group where, from 1986, he held senior executive roles, responsible for managing and developing the retail assets jointly owned by Jennings Properties Limited (JPL) and Jennings Property and Investment Group. In 1990, following a restructure of JPL to become Centro Properties Limited, Mr Appleton became managing director.

From 1997 to 2004, Mr Appleton was the managing director of the Gandel Group Pty Limited, one of Australia's leading retail property investment, management and development groups.

From December 2011 to June 2015, Mr Appleton was a non-executive director of Federation Centres.

In 2005 Mr Appleton joined APN Property Group Limited as managing director.

Mr Appleton is currently a non-executive director of the Gandel Group, Arrow International Group Limited, APN Property Group Limited, Perth Airport Pty Ltd and Perth Airport Development Group Pty Ltd. He is also a council member of Cairnmillar Institute.

John Carter

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

Mr John Carter has over 30 years' experience in real estate and financial markets. In 2004 Mr Carter established Mill Hill Capital to pursue investment opportunities in Real Estate, Agriculture and Equities.

Prior to this Mr Carter was managing director, co-head of Equities and on the Australian Executive Committee for UBS in Australasia from 2001 to 2004.

From 1991 – 2001 Mr Carter was head of property and head of real estate research at UBS. 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.

Prior to UBS Mr Carter was involved in commercial real estate at two international real estate consultancy groups.

Guy Farrands

Grad Dip Man, FAPI, MAICD

Mr Guy Farrands has over 30 years' experience in direct and listed property markets both in Australia and internationally and across commercial, retail, industrial, residential and retirement asset classes. He was managing director and CEO of GEO Property Group (now Villa World Limited) between 2007 and 2011. Previously Mr Farrands was CEO of Valad Property Group between 2005 and 2007, departing prior to Valad's acquisition of Crownstone/ Scarborough. Prior to that Mr Farrands was head of corporate development and investor relations for Valad.

Mr Farrands' former roles included division director of the real estate division of Macquarie Bank's Investment Banking Group where he managed IPOs, equity raisings and mergers and acquisitions, associate director and joint head of property for Heine Management Limited and Manager in the Investment Sales Department at Jones Lang LaSalle.

Mr Farrands is currently employed by Viva Energy.

Reg Gillard

BA FCPA, FAICD, JP

Mr Reg Gillard brings over 30 years' experience in accounting and corporate finance to the Board. He has extensive experience and significant expertise in the evaluation and acquisition of businesses requiring development capital, initial public offerings, rights issues and placements, together with ongoing funding, corporate governance and compliance issues of listed public companies.

Mr Gillard is a non-executive director of APPML and holds several other non-executive directorships of ASX-listed companies, including Platina Resources Ltd and Perseus Mining Ltd. He has developed close working arrangements with a number of substantial Australian and international investment funds and has been responsible for, and involved with, the funding of several listed public companies.

Mr Gillard is a Registered Company Auditor, Justice of the Peace, a Fellow of the Certified Practicing Accountants of Australia, a Fellow of the Australian Institute of Company Directors and a Licensed Real Estate Agent.

Mr Gillard was the founding chairman of Aspen Group and resigned as a director of AFML on 30 April 2012.

Mr Gillard has announced his intention to retire on implementation of the Merger.

Clem Salwin

BA (Honours)

Mr Clem Salwin has over 25 years' experience across real estate funds, investment, management, development, investment banking and corporate management.

He was most recently the Acting CEO of Valad Property Group, formerly an ASX-listed REIT, with operations across Australia and Europe.

Prior to Valad, Mr Salwin was a real estate investment banker with UBS, based both in Australia and Japan. Before then, he was with Bankers Trust Australia, responsible for real estate funds management.

Mr Salwin was appointed as Managing Director and Chief Executive Officer of Aspen Group from 1 July 2013.

6.7.4 Directors' fees

The constitutions of AGL and AFML (as responsible entity of APT) and the Listing Rules require that the aggregate remuneration of non-executive directors must be determined from time to time by a general meeting. The last determination was at the annual general meeting held at the 2010 AGM when Aspen Group securityholders approved an aggregate remuneration limit of $700,000 per year. This amount represents a limit on non-executive directors' total fees and does not represent the actual fees to be paid to non-executive directors.

Mr Reg Gillard receives a fee in his role as director of APPML, however, following his intended resignation on implementation of the Merger, it is not intended that APPML directors will receive a fee. All director fees in the Merged Group will be paid by AGL.

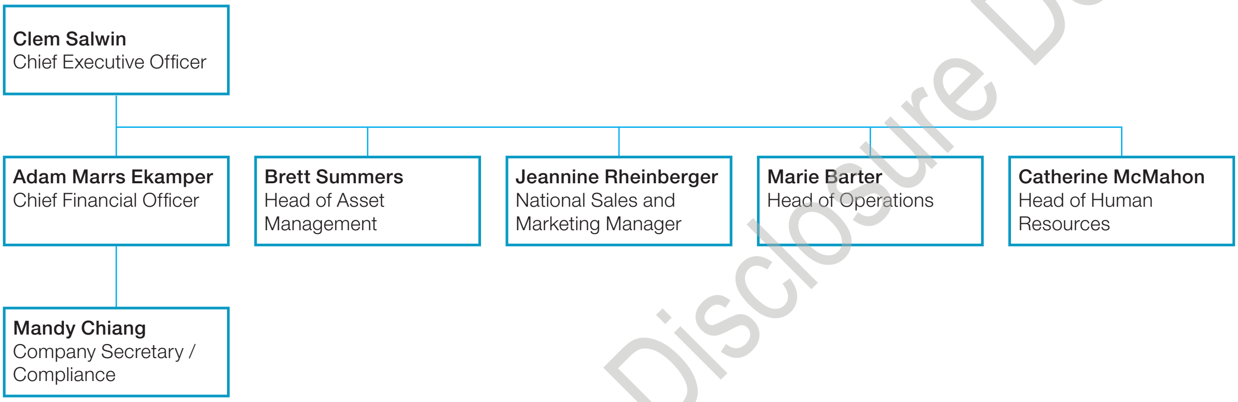
The aggregate remuneration limit and fee structure are reviewed annually. When undertaking the annual review process the Merged Group Board may consider advice from its external consultants, which includes a comparison of the fees paid to non-executive directors of other comparable Australian Real Estate Investment Trusts (**A-REITs**).

6.8 Senior management of the Merged Group

The APPF Board and the Aspen Group Board have agreed on the executive team that would have management responsibility of the Merged Group. The team is consistent with the existing executive management team of Aspen Group, which is in turn consistent with the management team of AFML, which is the Manager of APPF, and is the responsibility entity of APT and APT.

The structure of the executive management team is set out in the diagram below.

Leadership team



Senior management biographies

Clem Salwin
Chief Executive Officer

See Section 6.7.3.

Adam Marrs Ekamper
Chief Financial Officer

Mr Adam Marrs Ekamper is presently the Chief Financial Officer for Aspen Group and oversees the management accounting, statutory reporting, corporate finance, information technology and company secretarial functions.

He has over 14 years' experience in finance roles across real estate development, investment, funds management and tax advisory and has been with Aspen Group since 2008. Prior to joining Aspen Group, Mr Marrs Ekamper has held roles in both public tax practice and property investment.

Mr Marrs Ekamper is a member of CPA Australia, and holds a Bachelor of Commerce (Accounting and Management) and a Masters in Business (Property).

Brett Summers
Head of Asset Management

Mr Brett Summers leads the Asset Management team for Aspen Group which oversees the acquisition and disposal of properties along with all major development activities within the group's assets.

He has over 13 years' experience in the financial and development sector and has been with Aspen since early 2015. Prior to joining Aspen, Mr Summers worked within leading property companies Macquarie Bank and Lend Lease, responsible for the delivery of multiple projects across numerous states and countries. With primary expertise in residential master planned estates, Mr Summers's prior roles have provided experience across a diverse range of residential projects from golf course estates to apartments and retail facilities with completion values ranging from $5m to $700m.

Mr Summers has extensive experience in the initial stages of project conception through to launching major projects and managing the delivery and sales phases, as well as a thorough understating of financial outcomes, market drivers and the development process.

Marie Barter
Head of Operations

Ms Marie Barter joined Aspen in October 2015 with over 30 years' experience in the hospitality and real estate industries. Prior to emigrating to Australia in 2008, Ms Barter held a variety of senior management roles in the student accommodation sector, including Regional Manager, Business Development Manager and Managing Director of UNITE PLC, a FTSE 250 business with over 35,000 student beds throughout the UK.

Since 2008, after her role as the first CEO of Urbanest Student Accommodation, Ms Barter moved into the resources sector as Executive General Manager (APAC Operations) at Civeo (formerly The MAC), opening and managing accommodation villages for blue chip resources companies throughout Australia.

Ms Barter holds a Bachelor of Arts degree in Food and Accommodation Studies; a Masters degree in Management with Marketing; and a Global Executive MBA from Trium (a consortium of London School of Economics, NYU Stern, and HEC Paris).

Jeannine Rheinberger
National Sales and Marketing Manager

Mrs Jeannine Rheinberger currently holds the position of National Sales and Marketing Manager, overseeing revenue management, business development and all aspects of marketing including offline and digital marketing.

She brings over 20 years of experience across all aspects of the accommodation industry including operations, business development, sales and marketing. Prior to joining Aspen, Mrs Rheinberger's experience includes 12 years of sales and marketing leadership roles within Mirvac Hotel & Resorts flagship brands, which then became part of Accor.

Mrs Rheinberger has a Post-Graduate degree in Marketing and Management from Macquarie Graduate School of Management

Catherine Mcmahon
Head of Human Resources

Mrs Catherine McMahon is the Head of Human Resources for Aspen Group and oversees the talent strategy for the organisation, leading programs to ensure the attraction, engagement, development and retention of employees.

She joined Aspen in April 2015 and brings with her over 20 years' experience working within human resources. Prior to joining Aspen, Mrs McMahon spent 8 years working within a large multi-national organisation as Director of Human Resources, leading organisational change programs, improving employee engagement, productivity and retention levels, introducing leadership development and succession planning programs, and improving employee effectiveness through talent analytics. Mrs McMahon has worked across a variety of industries including pharmaceutical and medical devices, technology, business equipment and customer service.

Mrs McMahon is a member of the HR Directors Forum and the Australian Human Resources Institute.

Mandy Chiang
Company Secretary

Ms Mandy Chiang has over 18 years of company secretarial experience including having worked at MLC and Brookfield Australia Group prior to joining Aspen in February 2015.

Ms Chiang is a Fellow member of Governance Institute of Australia. She holds a Bachelor of Arts (Hons) Accountancy Degree and a Master of Business Law Degree.

6.9 Continuous disclosure

6.9.1 Information available from the ASX and ASIC

Both APPF and Aspen Group are "disclosing entities" under the Corporations Act and are subject to regular reporting and disclosure obligations under the Corporations Act. Aspen Group is subject to additional obligations under the Listing Rules. These obligations require Aspen Group to notify the ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, Aspen Group has an obligation (subject to limited exceptions) to notify the ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of Aspen Group securities. Copies of documents lodged with the ASX are available at www.asx.com.au. Copies of documents lodged with ASIC may be obtained from, or inspected at, an ASIC office.

As the Merged Group would be listed on the ASX, the Merged Group will be subject to the same continuous disclosure requirements as Aspen Group under the Corporations Act and the Listing Rules.

6.9.2 Information available from APPF and Aspen Group

APPF and Aspen Group make the following documents available to securityholders:

- the Annual Report of each of APPF and Aspen Group most recently lodged with ASIC;
- any half-year financial report for APPF or Aspen Group subsequently lodged with ASIC between the date of the relevant Annual Report and the date of this Explanatory Memorandum;
- any continuous disclosure notices given by APPF or Aspen Group from the date of this Explanatory Memorandum; and
- each document incorporated by reference in this Explanatory Memorandum.

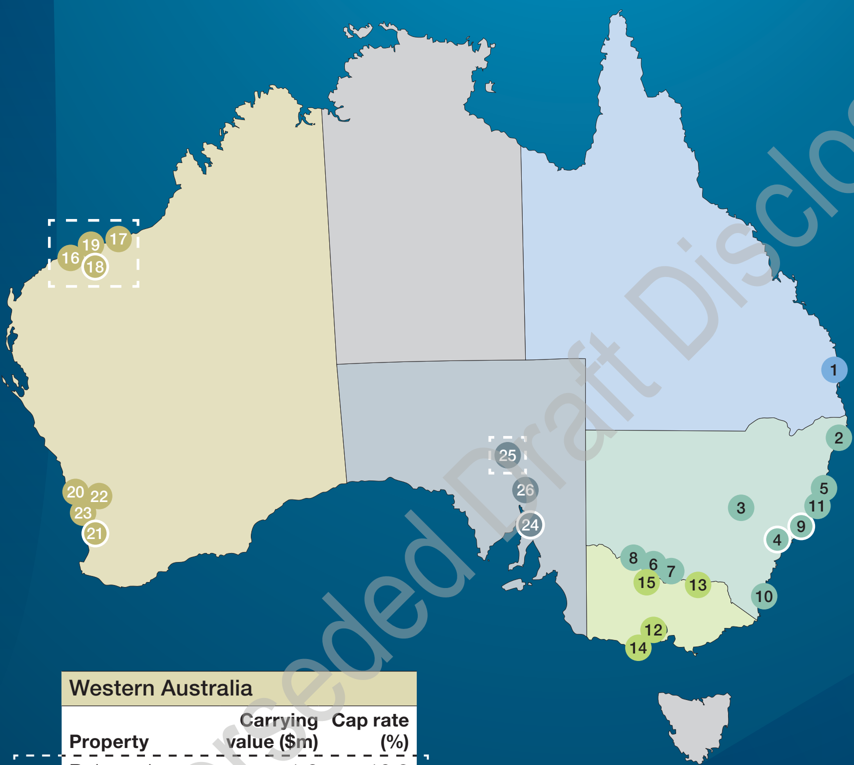
These documents will be made available:

- For inspection at the registered office of the APPF Entities and the Aspen Group Entities at Level 18, 9 Hunter Street, Sydney, NSW, 2000 (between 9:00am and 5:00pm on Business Days);
- at www.aspenfunds.com.au/funds and at www.aspengroup.com.au; and
- on request free of charge by calling the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) Monday to Friday.

7. Portfolio Overview of the Merged Group

Portfolio Summary

	Number of properties	Value ($m)	% overall	Number of sites
Mixed residential/short stay	15	143	57%	3,459
100% short stay	4	46	19%	523
100% residential	2	19	7%	260
Resource – AKV worker facility	1	22	9%	180
Resource – other parks	4	20	8%	923
Total	**26**	**250**	**100%**	**5,345**



Aspen Group asset
Resource property

Queensland

	Property	Carrying value ($m)	Cap rate (%)
1	Australiana	6.0	11.3

New South Wales

	Property	Carrying value ($m)	Cap rate (%)
2	Ballina	17.2	9.0
3	Dubbo	11.3	10.2
4	Four Lanterns	8.0	8.3
5	Harrington	8.3	13.0
6	Horseshoe	8.5	12.8
7	Maiden's Inn	15.0	12.2
8	Shady River	5.8	12.7
9	Tomago	11.2	9.3
10	Twofold Bay	6.5	10.3
11	Wallamba River	9.1	9.9
	Total/Average	**100.9**	**12.0**

Western Australia

	Property	Carrying value ($m)	Cap rate (%)
16	Balmoral	1.2	10.8
17	Cooke Point	8.1	36.2
18	Karratha Village	22.0	14.7
19	Pilbara	7.9	16.5
20	Coogee Beach	6.5	19.2
21	Mandurah	10.7	9.3
22	Perth Vineyards	14.7	10.9
23	Woodman Point	13.0	11.5
	Total/Average	**84.1**	**17.4**

South Australia

	Property	Carrying value ($m)	Cap rate (%)
24	Adelaide	9.3	10.5
25	Myall Grove	2.7	16.8
26	Port Augusta	5.7	13.8
	Total/Average	**17.7**	**12.5**

Victoria

	Property	Carrying value ($m)	Cap rate (%)
12	Ashley Gardens	20.3	10.3
13	Boathaven	7.8	15.1
14	Geelong	3.2	23.0
15	Yarraby	10.2	11.3
	Total/Average	**41.5**	**12.4**

7.1 Adelaide Caravan Park – Adelaide, South Australia

Adelaide Caravan Park is located 3km from the centre of the Adelaide CBD and within walking distance to the Adelaide Zoo and Adelaide Oval.

The park focuses on short stay tourist accommodation, offering cabins and powered/unpowered caravan sites.

Facilities include a swimming pool, outdoor barbecue area and access to the River Torrens Linear Park adjacent to the facility.

Date acquired	October 2015
Tenure	Freehold
Date of lease expiry	N/A
Land area	1.5 Ha
Total sites	76
Carrying value	$9.3m
Capitalisation rate	10.50%
Accommodation type	Tourism

7.2 Aspen Karratha Village – Karratha, Western Australia

Located in the Pilbara region of Western Australia, 18km from the city of Dampier and in close proximity to two other Aspen Parks.

The park solely focuses on worker accommodation and currently has a contract in place for 83% of the Park until January 2018.

Date acquired	8 August 2008
Tenure	Freehold
Date of lease expiry	N/A
Land area	2.9 Ha
Total sites	180
Carrying value	$22.0
Capitalisation rate	14.70%
Accommodation type	Resource

7.3 Ashley Gardens Holiday Village – Melbourne, Victoria

Ashley Gardens Holiday Village is located in Braybrook, 10km north-west of the Melbourne CBD.

The park offers cabin, caravan and camping accommodation for short stay tourists. Ashley Gardens Holiday Village provides a value-for-money alternative to city lodging and is popular with family customers.

Facilities include a swimming pool, tennis court and recreation room.

Planning is in place to add 12 additional cabins to the property.

Date acquired	May 2007
Tenure	Freehold
Date of lease expiry	N/A
Land area	4.4 Ha
Total sites	166
Carrying value	$20.3m
Capitalisation rate	10.25%
Accommodation type	Tourism

7.4 Australiana Top Tourist Park – Hervey Bay, Queensland

Australiana Top Tourist Park is located in Hervey Bay, 297km north of Brisbane.

The park is home to permanent residents and offers cabins, caravan, and camping sites for short stay tourists.

Facilities include an outdoor barbecue area, playground equipment and a recreation room.

Date acquired	March 2015
Tenure	Freehold
Date of lease expiry	N/A
Land area	2.4 Ha
Total sites	107
Carrying value	$6.0m
Capitalisation rate	11.25%
Accommodation type	Mixed use

7.5 Ballina Lakeside Holiday Park – North Coast, New South Wales

Ballina Lakeside Holiday Park is located on the New South Wales Far-North Coast, 30km south of Byron Bay and 190km south of Brisbane.

Set alongside Shaw's Bay Lake, the accommodation ranges across all budgets with bungalows, cabins and powered caravan and camping sites, each with waterfront options.

Facilities available include a waterpark adjoining the swimming pool, games room and gymnasium

Date acquired	May 2015
Tenure	Freehold/ Leasehold
Date of lease expiry	31/12/31
Land area	2.8 Ha (F) + 2.6 Ha (L)
Total sites	223
Carrying value	$17.2m
Capitalisation rate	9.02%
Accommodation type	Mixed use

7.6 Balmoral Holiday Park – Karratha, Western Australia

Balmoral Holiday Park is centrally located in the town of Karratha, 18km from Dampier and 254km from Port Headland. The park is within 4km of another Aspen property, Pilbara Holiday Park.

Historically, the park provided accommodation solutions to the resource sector.

Facilities include a swimming pool, table tennis and a games room.

Date acquired	July 2004
Tenure	Freehold/Leasehold
Date of lease expiry	30/06/41
Land area	6.3 Ha (F) + 1.3 Ha (L)
Total sites	229
Carrying value	$1.2m
Capitalisation rate	10.83%
Accommodation type	Resource

7.7 Boathaven Holiday Park – Ebden, Victoria

Boathaven Holiday Park is located near Albury/Wodonga on the border of New South Wales and Victoria, midway between Melbourne and Canberra.

Accommodation is split between permanent and annual residents and short stay tourists.

Facilities include a resort style pool, tennis court and a games room.

Date acquired	November 2007
Tenure	Freehold/Leasehold
Date of lease expiry	30/06/42
Land area	1.3 Ha (F) + 3.9 Ha (L)
Total sites	194
Carrying value	$7.8m
Capitalisation rate	15.05%
Accommodation type	Mixed use

7.8 Coogee Beach Holiday Park – Fremantle, Western Australia

Coogee Beach Holiday Park is located approximately 8km from Fremantle and 27km from the Perth CBD. The park is positioned within 5km of Woodman Point Holiday Park and within 60km of both Perth Vineyards Holiday Park and Mandurah Gardens Estate.

The park offers both permanent residential and short stay tourist accommodation.

Coogee Beach Holiday Park has direct access to Cockburn Sound.

Date acquired	July 2004
Tenure	Leasehold
Date of lease expiry	30/06/17
Land area	4.4 Ha
Total sites	180
Carrying value	$6.5m
Capitalisation rate	19.23%
Accommodation type	Mixed use

7.9 Cooke Point Holiday Park – Port Hedland, Western Australia

Cooke Point Holiday Park is a coastal property overlooking Pretty Pool Inlet at Port Hedland, Western Australia. The park is located approximately 239km from Karratha.

The park offers a variety of cabin and campsite options for short stay tourists.

Facilities include a swimming pool, playground, and reading room.

Date acquired	23 July 2004
Tenure	Leasehold
Date of lease expiry	19/03/22
Land area	3.6 Ha
Total sites	207
Carrying value	$8.1m
Capitalisation rate	36.20%
Accommodation type	Resource

7.10 Dubbo Parklands – Dubbo, New South Wales

Dubbo Parklands is located in close proximity to Taronga Western Plains Zoo, a leading tourist destination, 393km from Sydney.

This park is dedicated to tourism accommodation and attracts a cross-sector of short stay tourists visiting the zoo and the Dubbo region generally.

Facilities available include bike tracks, heated outdoor swimming pool and playground equipment.

Date acquired	June 2013
Tenure	Freehold
Date of lease expiry	N/A
Land area	4.1 Ha
Total sites	127
Carrying value	$11.3m
Capitalisation rate	10.20%
Accommodation type	Tourism

7.11 Four Lanterns Estate – Leppington, New South Wales

Four Lanterns Estate is located within the Leppington Town Centre, part of the major South-Western Sydney growth corridor. The estate is 51km from the Sydney CBD and 16km from Liverpool City Centre.

The immediate surrounding properties are predominantly rural residential holdings with notable development including a convenience strip retail centre adjoining the estate boundary.

Planning is underway to add approximately 27 additional sites.

Date acquired	January 2015
Tenure	Freehold
Date of lease expiry	N/A
Land area	3.9 Ha
Total sites	102
Carrying value	$8.0m
Capitalisation rate	8.25%
Accommodation type	MHE

7.12 Geelong Riverview Tourist Park – Geelong, Victoria

Geelong Riverview Tourist Park is located in Geelong, a short drive from Victoria's Great Ocean Road and Surf Coast, 85km south-west of the Melbourne CBD.

The park accommodates both permanent residents and short stay tourists.

Park facilities include outdoor barbecue, swimming pool and adventure playground equipment.

Date acquired	November 2007
Tenure	Leasehold
Date of lease expiry	20/02/32
Land area	2.7 Ha
Total sites	111
Carrying value	$3.2m
Capitalisation rate	23.00%
Accommodation type	Mixed use

7.13 Harrington Holiday Park – Mid-North Coast, New South Wales

Harrington Holiday Park is located on the New South Wales Mid-North Coast, 80km south of Port Macquarie and 51km north of the Merged Group's Wallamba River Holiday Park.

Harrington Holiday Park has a variety of cabin accommodation for annual tenants and short stay tourists as well as catering for the requirements of campers and caravaners.

Facilities available include an inflatable trampoline, swimming pool and playground equipment.

Date acquired	December 2014
Tenure	Leasehold
Date of lease expiry	22/09/39
Land area	6.3 Ha
Total sites	322
Carrying value	$8.3m
Capitalisation rate	12.98%
Accommodation type	Mixed use

7.14 Horseshoe Lagoon Holiday Park – Moama, New South Wales

Horseshoe Lagoon Holiday Park is located in the Echuca/Moama region, near the New South Wales and Victoria border. The park is positioned within 20km of three other Merged Group parks – Maiden's Inn Holiday Park, A Shady River Holiday Park and Yarraby Holiday Park.

Historically the park's cabins were let exclusively to annual tenants, providing a cheaper option to owning a holiday home.

Date acquired	April 2006
Tenure	Freehold
Date of lease expiry	N/A
Land area	13.3 Ha
Total sites	320
Carrying value	$8.5m
Capitalisation rate	12.80%
Accommodation type	Mixed use

7.15 Maiden's Inn Holiday Park – Moama, New South Wales

Maiden's Inn Holiday Park is located in the Echuca/Moama region, on the New South Wales bank of the Murray River on the border of New South Wales and Victoria. The park is within 20km of three other Merged Group properties – Horseshoe Lagoon Holiday Park, A Shady River Holiday Park and Yarraby Holiday Park.

The park offers a range of accommodation options for permanent residents as well as short stay tourists. Facilities available include lagoon-style swimming pools and a tennis court.

Date acquired	November 2007
Tenure	Freehold
Date of lease expiry	N/A
Land area	15.4 Ha
Total sites	427
Carrying value	$15.0m
Capitalisation rate	12.20%
Accommodation type	Mixed use

7.16 Mandurah Gardens Estate – Mandurah, Western Australia

Mandurah Gardens Estate is situated within the regional city of Mandurah, approximately 65km south-west of the Perth CBD. The estate is also located within approximately 2km of Mandurah's major shopping complexes, medical centre and hospital.

The park is a community lifestyle village that provides modern and affordable retirement living. It offers long term tenancy and a vibrant community for individuals and couples over 55 years.

Date acquired	June 2015
Tenure	Freehold
Date of lease expiry	N/A
Land area	6.8 Ha
Total sites	158
Carrying value	$10.7m
Capitalisation rate	9.25%
Accommodation type	MHE

7.17 Myall Grove Holiday Park – Roxby Downs, South Australia

Myall Grove Holiday Park is located in Roxby Downs, 256km north-west of Port Augusta and 562km north-west of Adelaide.

The park offers accommodation for permanent residents as well as cabins and powered sites for short stay tourists.

Facilities include an outdoor barbecue area, playground equipment and a recreation room.

Date acquired	October 2007
Tenure	Freehold
Date of lease expiry	N/A
Land area	8.7 Ha
Total sites	268
Carrying value	$2.7m
Capitalisation rate	16.75%
Accommodation type	Resource

7.18 Perth Vineyards Holiday Park – Perth, Western Australia

Perth Vineyards Holiday Park is located 14km from the Perth CBD, close to Perth airport and in the heart of the Swan Valley wine region.

Accommodation is split between permanent residents, annual tenants and short stay tourists.

Facilities include a swimming pool, playground equipment and recreation room.

Date acquired	June 2004
Tenure	Freehold
Date of lease expiry	N/A
Land area	9.6 Ha
Total sites	200
Carrying value	$14.7m
Capitalisation rate	10.91%
Accommodation type	Mixed use

7.19 Pilbara Holiday Park – Karratha, Western Australia

Pilbara Holiday Park is located in the Pilbara region of Western Australia, 18km from the city of Dampier and in close proximity to two other Merged Group Parks, Balmoral Holiday Park and Aspen Karratha Village.

Historically, the park provided accommodation to the resource sector. Pilbara Holiday Park offers cabins and camping facilities to short stay tourists.

Facilities include a swimming pool, table tennis and playground equipment.

Date acquired	July 2004
Tenure	Freehold
Date of lease expiry	N/A
Land area	5.7 Ha
Total sites	219
Carrying value	$7.9m
Capitalisation rate	16.45%
Accommodation type	Resource

7.20 Port Augusta Holiday Park – Port Augusta, South Australia

Port Augusta Holiday Park is located in Port Augusta, 318km north-west from Adelaide.

The park focuses on short stay tourist accommodation, offering cabin, caravan and camping sites.

Facilities include a swimming pool, outdoor barbecue area and playground equipment.

Date acquired	August 2006
Tenure	Freehold
Date of lease expiry	N/A
Land area	5.1 Ha
Total sites	154
Carrying value	$5.7m
Capitalisation rate	13.75%
Accommodation type	Tourism

7.21 A Shady River Holiday Park – Moama, New South Wales

A Shady River Holiday Park is located in the twin towns of Echuca – Moama on the border of New South Wales and Victoria. The park is within 10km of three other Merged Group properties – Horseshoe Lagoon Holiday Park, Maiden's Inn Holiday Park and Yarraby Holiday Park.

The park offers accommodation for both permanent residents as well as cabins and powered sites for short stay tourists.

Facilities available include a swimming pool, tennis court and recreation room.

Date acquired	November 2007
Tenure	Freehold
Date of lease expiry	N/A
Land area	10.7 Ha
Total sites	146
Carrying value	$5.8m
Capitalisation rate	12.74%
Accommodation type	Mixed use

7.22 Tomago Van Village – Newcastle, New South Wales

Located within the greater Newcastle region, 23km to the Newcastle CBD, and 159km to the Sydney CBD.

The park provides both long and short-term accommodation with additional development potential.

Date acquired	August 2015
Tenure	Freehold
Date of lease expiry	N/A
Land area	19.9 Ha
Total sites	156
Carrying value	$11.2m
Capitalisation rate	9.30%
Accommodation type	Mixed use

7.23 Twofold Bay Beach Resort – Eden, New South Wales

Twofold Bay Beach Resort is located in Eden on the New South Wales Sapphire Coast, 265km south-east of Canberra and 478km south of Sydney. The property has direct access to the beach.

The park is home to permanent residents and annual tenants as well as catering to short stay tourists.

Facilities include a swimming pool, tennis court and playground equipment.

Date acquired	July 2005
Tenure	Freehold
Date of lease expiry	N/A
Land area	6.7 Ha
Total sites	314
Carrying value	$6.5m
Capitalisation rate	10.30%
Accommodation type	Mixed use

7.24 Wallamba River Holiday Park – North Coast, New South Wales

Wallamba River Holiday Park is located on the New South Wales Mid-North Coast, 154km north of Newcastle.

The park offers a range of accommodation for annual tenants as well as cabins and caravan sites for short stay tourists.

Travellers can gain access to the Wallis Lake estuary system offering a number of water activities. Park facilities include a swimming pool, recreation room and playground equipment.

Date acquired	November 2005
Tenure	Freehold
Date of lease expiry	N/A
Land area	9.4 Ha
Total sites	269
Carrying value	$9.1m
Capitalisation rate	9.85%
Accommodation type	Mixed use

7.25 Woodman Point Holiday Park – Fremantle, Western Australia

Woodman Point Holiday Park is located 10km from the historic port city of Fremantle and 30km southwest of the Perth CBD.

The park is home to permanent residents as well as offering cabins, camping and caravan facilities to short stay tourists.

The park is positioned within the Woodman Point regional nature reserve, with a range of nearby tourist destinations including Fremantle Prison, Adventure World and the Fremantle Markets. Facilities include a swimming pool, table tennis and pool table.

Date acquired	July 2004
Tenure	Leasehold
Date of lease expiry	18/08/35
Land area	8.2 Ha
Total sites	245
Carrying value	$13.0m
Capitalisation rate	11.50%
Accommodation type	Mixed use

7.26 Yarraby Holiday Park – Echuca Village, Victoria

Yarraby Holiday Park is located in the town of Echuca, on the Murray River on the border between Victoria and New South Wales.

Predominantly a permanent residential and annual tenant park, the park also offers cabins, caravan and camping site accommodation for short stay tourists.

Facilities include a games room, tennis court and an indoor heated pool.

Date acquired	October 2005
Tenure	Freehold
Date of lease expiry	N/A
Land area	9.4 Ha
Total sites	245
Carrying value	$10.2m
Capitalisation rate	11.25%
Accommodation type	Mixed use

8. Financial Information

8.1 Introduction

Section 8 presents the following financial information for the Merged Group (collectively, **the Pro Forma Financial Information**):

- the pro forma consolidated statement of financial position as at 30 June 2015;
- the pro forma consolidated cashflow statement for the year ended 30 June 2015;
- the pro forma consolidated income statement for the year ended 30 June 2015; and
- the pro forma consolidated earnings forecast for the year ending 30 June 2016.

This section also contains additional financial information for APPF and Aspen Group which is used to prepare the Merged Group financial information set out above, and sets out the principles on which these have been prepared. This information includes for each of APPF and Aspen Group, the consolidated and pro forma statements of financial position as at 30 June 2015 and the consolidated and pro forma income statements for the year ended 30 June 2015.

Details of the last three years of financial information (being a consolidated statement of financial position, consolidated cashflow statement, and consolidated income statement) for both Aspen Group and APPF have also been included in Annexure H.

8.1.1 Basis of preparation

The historical Merged Group pro forma financial information is based on the respective annual financial statements of APPF and Aspen Group for the year ended 30 June 2015, both of which has been audited by PricewaterhouseCoopers Securities Ltd (PwCS). The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and the accounting policies detailed in Section 8.11.

The accounting policies of the Merged Group going forward will be the same as the common accounting policies of APPF and Aspen Group.

The financial information is presented in an abbreviated form insofar as it does not include all of the presentation disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual general purpose financial reports prepared in accordance with the Corporations Act.

The financial statements for the Aspen Group were prepared at 30 June 2015 on the basis that it controlled APPF from 10 October 2014. This resulted in Aspen Group's financial statements for the year ended 30 June 2015 including the consolidation of APPF. In addition, Aspen Group also consolidates five unlisted companies that it holds equity interest of between 43% – 75%. These unlisted companies were consolidated from 1 July 2012, and as a result of losses incurred within these unlisted companies, Aspen Group recognises negative minority interests of $19.1 million as at 30 June 2015 in respect to these unlisted companies.

A detailed explanation of the treatment of the Merger for accounting purposes has been included in Section 8.4.2.

Statement of financial position

The carrying values of APPF's and Aspen Group's assets and liabilities have been reviewed as at 30 June 2015, including the carrying value of investment properties and interest rate derivatives. Other than as disclosed in this Section 8, there have been no material transactions or net fair value movements which would require the pro forma consolidated statement of financial position to be updated.

Income statement

The Merged Group pro forma consolidated income statement for the year ended 30 June 2015, and the earnings forecast for the year ending 30 June 2016, aggregate related income and expense items to provide a more readily comprehensible and comparable measure of the earnings composition of the entities in the Merged Group. The APPF Board and the Aspen Group Board are not aware of any material events other than those disclosed in this Section 8 which would undermine the reasonableness of the reported pro forma consolidated income statement or the earnings forecast.

Explanation of certain non-IFRS financial measures

APPF and Aspen Group use certain measures to manage and report on their business that are not recognised under Australian Accounting Standards. These measures are collectively referred to as non-IFRS measures under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC. The principal non-IFRS financial measures that are referred to in this Explanatory Memorandum are as follows:

- Underlying profit/(loss) – Underlying profit is a non-IFRS measure that is designed to present, in the opinion of the directors, the results from the ongoing operating activities of APPF, Aspen Group and the Merged Group in a way that appropriately reflects their underlying performance. Underlying profit reflects the way that the business is managed and how the directors assess performance.

  Underlying profit excludes costs that are outside the course of APPF's, Aspen Group's, and the Merged Group's core, ongoing business activities, or non-cash transactions recorded during the period for statutory reporting purposes. These costs, collectively, include administration & restructuring expenses; net change in fair value of property, plant and equipment; mark-to-market movements on interest rate swaps; and acquisition costs capitalised to NAV (which are considered below).

  Within the Explanatory Memorandum, historic consolidated income statements, and earnings, are presented with depreciation expense being included as an underlying expense.

- **Unrecognised goodwill** – APPF, Aspen Group and the Merged Group recognise all accommodation properties as a combination of property, plant and equipment and goodwill. When independent valuations are obtained on properties, increases in the fair value of accommodation properties are firstly recognised against property plant and equipment, to the extent that capital expenditure on accommodation properties has occurred since the last independent valuation. Any fair value increase in excess of the value of capital expenditure that has occurred since the last independent valuation (if applicable) is deemed to be an increase in goodwill.

  As goodwill is unable to be revalued up (only down), the fair value of goodwill in excess of carrying value is not recognised in the Consolidated Statement of Financial Position. The fair value of goodwill on accommodation properties in excess of carrying value is instead included in determining the Net Asset Value (**NAV**) of the underlying properties which, in the opinion of the directors, represents the full fair value of the properties.

  A reconciliation of the Merged Group's independent valuations of accommodation properties, against the combined carrying value of the Merged Group's property, plant and equipment, goodwill and unrecognised goodwill, has been included in Section 8.4.3.

- **Acquisition costs capitalised into NAV** – As a result of the classification of the property portfolio as property, plant and equipment, some costs associated with the acquisition of new properties are capitalised upon recognition but subsequently not considered in determining the fair value of property assets for statutory reporting purposes. These costs are capitalised only to the extent that Aspen believes it can add value in the near term (e.g. 12 – 18 months) to support the acquisition costs incurred. The carrying value of capitalised acquisition costs are assessed each reporting date for impairment indicators.

  In the opinion of the directors the capitalised acquisition costs form a part of the net assets of APPF, Aspen Group and the Merged Group and are included in determining the NAV.
- **Net Asset Value (NAV)** – The Net Asset Value of Aspen Group and APPF and the NAV per security are determined having made the above two adjustments to the net assets per the statement of financial position. A further adjustment in respect of the non-controlling interest is made in respect of Aspen Group.
- **Gearing** – The gearing levels have been calculated based on the interest bearing loans and borrowings, net of cash and cash equivalents, as a percentage of total assets, net of cash and cash equivalents.
- **Payout Ratio** – This is the proportion of underlying earnings paid out as distributions or dividends, expressed as a percentage of total underlying earnings.

8.2 Investigating Accountant's review

PwCS has reviewed the financial information contained in this Explanatory Memorandum in its capacity as Investigating Accountant, including the assumptions contained in this Section 8, and has prepared a report on the preparation of this financial information and the reasonableness of the underlying assumptions. This Investigating Accountant's Report is set out in Annexure B.

8.3 Valuation policy

Aspen Group and APPF apply a common valuation policy to each of their property assets, and this valuation policy is intended to be adopted by the Merged Group. The valuation policy meets all ASIC Regulatory Guide 46 benchmark conditions.

The policy ensures a consistent framework is applied to property valuations.

The policy applies to items classified in accordance with accounting standards as property plant and equipment, assets held for sale, goodwill or investment property. Key principles of the policy are:

- all properties shall have an independent valuation prior to acquisition;
- all properties are to be valued on a going concern, walk in-walk out basis at least every three years by an independent valuer who is registered or licensed to perform valuations;
- The rotation of properties for independent valuation will be determined, with the general objective that at least one third of properties (by percentage of the market value of the portfolio, not by number of properties) held by an entity being independently valued annually;
- In some situations, finance facilities may require more regular independent valuations. In a case where the financier requests such a valuation of an asset, this valuation may also be used to update the carrying value of an asset, subject to the directors' approval of the valuation;
- Finance facility providers will generally have a panel of approved valuers. Under this policy, for the purposes of consistency and efficiency, valuers from the financier's approved panel will generally be engaged for independent valuations. In circumstances where there are logistical, technical or geographic impediments to engagement of a valuer from the financier's approved panel, an alternative valuer may be engaged;
- No independent valuation firm (except in circumstances where there are logistical, technical or geographical grounds to do so) should be engaged to perform valuations more than three times in succession or over 6 years on the same property;
- All valuation instructions shall be issued in writing, authorised by Aspen Group's CEO or Chief Financial Officer, or by either Aspen Group's or APPF's financier;
- the carrying values of all properties shall be reviewed at least every 6 months by the directors of Aspen Group or APPF, in line with the statutory reporting periods of 30 June and 31 December;
- on a quarterly basis management will assess all properties to determine if there is a basis to suspect a significant or material movement in valuation. In this event a recommendation must be provided to the directors of Aspen Group or APPF; and
- if the directors of Aspen Group or APPF consider that there has been a significant or material change in the factors that affect a valuation, they shall as soon as practical (and within two months of the directors taking such a view) take one of the following actions:
  - require that an independent valuation be undertaken; or
  - perform a directors' valuation based on the assessment of the fair value of the asset, taking into account input and recommendations from management which will include property cashflow projection valuation models.

Securityholders can obtain a copy of the valuation policy, free of charge, from the website www.aspenfunds.com.au/funds or by calling the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time).

8.4 Statements of financial position as at 30 June 2015

8.4.1 APPF pro forma consolidated statement of financial position as at 30 June 2015

The APPF pro forma consolidated statement of financial position as at 30 June 2015 is set out below. It has been extracted from APPF's audited 30 June 2015 financial statements and incorporates the pro forma adjustments that follow.

	APPF 30 June 2015 $'000	Pro forma adjustments 30 June 2015 $'000	APPF pro forma 30 June 2015 $'000
Assets			
Current assets			
Cash and cash equivalents (including term deposits)	1,789	–	1,789
Assets classified as held for sale	34,171	(34,171)	–
Other current assets	2,949	(99)	2,850
Total current assets	**38,909**	**(34,270)**	**4,639**
Non-current assets			
Property, Plant and Equipment	172,855	–	172,855
Goodwill	7,187	–	7,187
Total non-current assets	180,042	–	180,042
Total assets	**218,951**	**(34,270)**	**184,681**
Liabilities			
Current liabilities			
Trade & other payables	9,111	–	9,111
Interest bearing loans and borrowings	15,800	(15,800)	–
Provisions	1,821	(1,124)	697
Other current liabilities	2,071	(187)	1,884
Total current liabilities	**28,803**	**(17,111)**	**11,692**
Non-current liabilities			
Interest bearing loans and borrowings	90,767	(17,159)	73,608
Other non-current liabilities	958	1,005	1,963
Total non-current liabilities	**91,725**	**(16,154)**	**75,571**
Total liabilities	**120,528**	**(33,265)**	**87,263**
Net assets	**98,423**	**(1,005)**	**97,418**
Equity			
Issued capital	222,559	–	222,559
Retained earnings	17,736	(1,005)	16,731
Reserves	(141,872)	–	(141,872)
Total equity attributable to APPF securityholders	**98,423**	**(1,005)**	**97,418**
Non-controlling interest	–	–	–
Total equity	**98,423**	**(1,005)**	**97,418**
Key balance sheet metrics			
APPF securities on issue ('000)	232,636		232,636
Net asset per statement of financial position	**98,423**		**97,418**
Acquisition costs capitalised into NAV	1,337		1,337
Unrecognised goodwill	7,757		7,757
Net asset value	**107,517**		**106,512**
NAV per security ($)	0.4622		0.4578
Gearing (%)	46.3%		37.4%

Pro forma adjustments

The pro forma adjustments include:

- Settlement of all assets classified as held for sale at 30 June 2015. These assets were two resort parks (being Monkey Mia Dolphin Resort, and Ningaloo Reef Resort) as well as one short stay park (being Exmouth Cape Holiday Park) in the north-west region of Western Australia. Settlement of these occurred on 15 September 2015, and netted $34.2 million in proceeds, which were used to pay down interest bearing loans and borrowings totalling $33.0 million, and $1.2 million to settle provisions; and
- Mark-to-market of interest rate swaps expense of $1.0 million from 1 July 2015 to 23 September 2015.

As the pro forma adjustments pertain to FY16 events, any impact to the profit or loss has been included within Section 8.7.2, being the Consolidated earnings forecast for the year ending 30 June 2016.

The NAV, NAV per security and gearing are calculated after the following adjustments:

- Unrecognised goodwill in the Net Asset Value of $7.8 million, as described in Section 8.1.1; and
- Acquisition costs capitalised into the Net Asset Value of $1.0 million, as described in Section 8.1.1

After allowing for the pro forma adjustments, the NAV attributable to securityholders per APPF security declined from $0.4622 to $0.4578 per security and gearing reduces from 46.3% to 37.4%.

8.4.2 Aspen Group pro forma consolidated statement of financial position as at 30 June 2015

The Aspen Group pro forma consolidated statement of financial position as at 30 June 2015 is set out below. It has been extracted from Aspen Group's audited 30 June 2015 financial statements and incorporates the pro forma adjustments that follow.

	Aspen Group 30 June 2015 $'000	Pro forma adjustments 30 June 2015 $'000	Aspen Group pro forma 30 June 2015 $'000
Current assets			
Cash and cash equivalents (including term deposits)	23,250	(17,250)	6,000
Assets classified as held for sale	108,485	(71,946)	36,539
Other assets	8,285	(99)	8,186
Total current assets	**140,020**	**(89,295)**	**50,725**
Non-current assets			
Property, Plant and Equipment	209,794	19,750	229,544
Goodwill	11,953	–	11,953
Other non-current assets	661	–	661
Total non-current assets	**222,408**	**19,750**	**242,158**
Total assets	**362,428**	**(69,545)**	**292,883**
Liabilities			
Current liabilities			
Trade & other payables	15,810	(5,093)	10,717
Liabilities of assets held for sale	602	–	602
Interest bearing loans and borrowings	33,070	(33,070)	–
Provisions	3,277	(1,124)	2,153
Other current liabilities	3,359	(187)	3,172
Total current liabilities	**56,118**	**(39,474)**	**16,644**
Non-current liabilities			
Interest bearing loans and borrowings	108,821	(28,459)	80,362
Other non-current liabilities	1,427	871	2,298
Total non-current liabilities	**110,248**	**(27,588)**	**82,660**
Total Liabilities	**166,366**	**(67,063)**	**99,303**
Net Assets	**196,062**	**(2,482)**	**193,580**
Equity			
Issued capital	514,473	–	514,473
Retained earnings	(357,179)	(2,482)	(359,661)
Reserves	2,660	–	2,660
Total equity attributable to Aspen Group securityholders	**159,954**	**(2,482)**	**157,472**
Non-controlling interest	36,108	–	36,108
Total equity	**196,062**	**(2,482)**	**193,580**
Key balance sheet metrics			
Aspen Group securities on issue ('000)	113,161	113,161	113,161
Net asset per statement of financial position	**196,062**	**(2,482)**	**193,580**
Non-controlling interests relating to APPF	(55,252)	–	(55,252)
Acquisition costs capitalised into NAV	1,659	630	2,289
Unrecognised goodwill	50	–	50
Net asset value	**142,519**	**(1,853)**	**140,667**
NAV per security ($)	1.26		1.24
Gearing (%)	35.0%		25.9%

Pro forma adjustments

The pro forma adjustments of Aspen Group outlined above include:

- Settlement of the northern component of the Spearwood industrial estate on 14 August 2015, netting $34.6 million in proceeds which were used to pay down interest bearing loans and borrowings;
- Settlement of all remaining development assets in Aspen Development Fund No. 1 Pty Ltd in August 2015, netting $3.2 million in proceeds which were used to pay down interest bearing loans and borrowings;
- Settlement of APPF's assets classified as held for sale at 30 June 2015. These assets were two resort parks (being Monkey Mia Dolphin Resort, and Ningaloo Reef Resort) as well as one short stay park (being Exmouth Cape) in the north-west region of Western Australia. Settlement of these occurred on 15 September 2015, and netted $34.2 million in proceeds, which were used to pay down interest bearing loans and borrowings totalling $33.0 million, and $1.1m to settle provisions;
- Acquisition of Tomago Van Village which settled on 19 August 2015 for $10.5 million, and Adelaide Caravan Park which settled on 21 October 2015 (both prices exclude acquisition costs). Of the total acquisition costs of $1.2m, $0.6m have been capitalised into Aspen Group's NAV, as described in Section 8.1.1;
- Payment of a 4.5 cents per share distribution to Aspen Group shareholders, totalling $5.093 million, which was provided for at 30 June 2015 and paid to securityholders on 25 August 2015; and
- Breaking Aspen Group's interest rate swap liability of $1.3 million, being the 30 June 2015 liability balance ($1.0 million) adjusted for the mark to market for the period from 1 July 2015 to 23 September 2015 of $0.3 million.

As the pro forma adjustments pertain to FY16 events, any impact to the profit or loss has been included within Section 8.7.2, being the Consolidated earnings forecast for the year ending 30 June 2016.

The NAV, NAV per security and gearing are calculated after the following adjustments:

- Unrecognised goodwill in the Net Asset Value of $0.1 million, as described in Section 8.1.1
- Acquisition costs capitalised into the Net Asset Value of $2.3 million, as described in Section 8.1.1

After allowing for the pro forma adjustments, the NAV attributable to securityholders per Aspen Group security reduces from $1.26 to $1.24 (due to the forecast acquisition costs of $0.5m being written off as well as mark to market of interest rate swaps) and gearing reduces from 35.0% to 25.9%.

8.4.3 Merged Group pro forma consolidated statement of financial position as at 30 June 2015

The Merged Group pro forma consolidated statement of financial position as at 30 June 2015 is set out below. It is the combination of the APPF pro forma consolidated statement of financial position as at 30 June 2015 (Section 8.4.1) and the Aspen Group pro forma consolidated statement of financial position as at 30 June 2015 (Section 8.4.2), adjusted for necessary eliminations and adjustments arising from the consolidation under the Merger. These pro forma adjustments are detailed below.

	APPF pro forma 30 June 2015 $'000	Aspen Group pro forma 30 June 2015 $'000	Pro forma adjustments 30 June 2015 $'000	Merged Group pro forma 30 June 2015 $'000
Current assets				
Cash and cash equivalents (including term deposits)	1,789	6,000	–	6,000
Assets classified as held for sale	–	36,539	–	36,539
Other assets	2,850	8,186	–	8,186
Total current assets	**4,639**	**50,725**	**–**	**50,725**
Non-current assets				
Property, Plant and Equipment	172,855	229,544	–	229,544
Goodwill	7,187	11,953	–	11,953
Other non-current assets	–	661	–	661
Total non-current assets	**180,042**	**242,158**	**–**	**242,158**
Total assets	**184,681**	**292,883**	**–**	**292,883**
Liabilities				
Current liabilities				
Trade & other payables	9,111	10,717	–	10,717
Liabilities of assets held for sale	–	602	–	602
Provisions	697	2,153	–	2,153
Other current liabilities	1,883	3,172	(827)	2,345
Total current liabilities	**11,691**	**16,644**	**(827)**	**15,817**
Non-current liabilities				
Interest bearing loans and borrowings	73,608	80,362	41,597	121,959
Other non-current liabilities	1,963	2,298	(1,963)	335
Total non-current liabilities	**75,572**	**82,660**	**39,634**	**122,293**
Total liabilities	**87,263**	**99,303**	**38,807**	**138,110**
Net Assets	**97,418**	**193,580**	**(38,807)**	**154,773**
Equity				
Issued capital	222,559	514,473	31,300	545,773
Retained earnings	16,731	(359,661)	(14,855)	(374,516)
Reserves	(141,872)	2,660	–	2,660
Total equity attributable to securityholders	**97,418**	**157,472**	**16,445**	**173,917**
Non-controlling interest	–	36,108	(55,252)	(19,144)
Total equity	**97,418**	**193,580**	**(38,807)**	**154,773**
Key balance sheet metrics				
Securities on issue ('000)	232,636	113,161	29,139	139,300
Net asset per statement of financial position	**97,418**	**193,580**	**(38,807)**	**154,773**
Non-controlling interests relating to APPF	–	(55,252)	55,252	–
Acquisition costs capitalised into NAV	1,337	2,289	776	3,065
Unrecognised goodwill	7,757	50	5,941	5,991
Net asset value	**106,512**	**140,667**	**23,162**	**163,829**
NAV	0.4578	1.24		1.18
Gearing (%)	37.4%	25.9%		39.2%

A reconciliation of the Merged Group's independent valuations of the accommodation portfolio against the combined carrying value of the Merged Group's property, plant and equipment, goodwill and unrecognised goodwill is as follows:

	$'000
Cumulative total of latest independent valuations	**187,425**
Fair value of goodwill above carrying value – Coogee Beach	(7,692)
Cumulative total of differences between latest independent valuations and directors' valuations	252
Corporate office property, plant, and equipment that is not subject to independent valuation	57
Carrying value at 30 June 2015	**180,042**

Pro forma adjustments

The pro forma adjustments of the Merged Group outlined above include:

- Cash consideration. The amount of cash used under the Cash Option is assumed to be fully drawn to the capped amount of $35.0 million, and funded through new interest bearing loans and borrowings facilities;
- Changes to balances comprising total equity: The Merger is treated as an equity transaction for accounting purposes, in accordance with Australian Accounting Standards. The following adjustments to equity have been made:
  a. Issue of 29.1 million Aspen Group securities in accordance with the securities and cash offer. For accounting purposes the issue of Aspen Group securities is recorded at their current market price (assumed in the pro forma consolidated statement of financial position at $1.34715 despite the securities offer being based on Aspen Group's NAV);
  b. The 30 June 2015 pro forma consolidated statement of financial position for APPF is assumed to approximate its fair value net asset value at transaction date;

     The difference between the current market price of the Aspen Group securities issued to APPF unitholders of $57.9 million in exchange for the control of APPF's net assets attributable to non-controlling interests (external securityholders) of $55.3 million gives rise to a loss upon Merger of $2.6 million, which is recognised directly in equity (specifically in retained earnings) in accordance with Australian Accounting Standards;
  c. Transaction costs associated with the Merger in FY16 are estimated to be $7.0 million. $3.6 million of these costs have been treated as a reduction of equity (specifically in retained earnings) in accordance with Australian Accounting Standards, with the balance $3.2 million of transaction costs having already been recognised in other non-current liabilities as they relate to mark to mark losses on interest rate swaps. All transaction costs will be funded through interest bearing loans and borrowings. Transaction costs include:
     – $3.6 million of adviser and other restructuring costs (reduction in retained earnings);
     – $3.2 million to restructure existing interest rate swaps (reduction in other non-current liabilities); and
     – $0.2 million of stamp duty (reduction in retained earnings).
  d. Non-controlling interest: The Aspen Group's non-controlling interest in APPF at 30 June 2015 of $55.3 million has been eliminated in full.

The Merger of APPF and Aspen Group results in an NAV of the Merged Group of $1.18 and gearing of the Merged Group of 39.2%.

Treatment of the Merger for accounting purposes

As outlined in Section 8.1, Aspen Group consolidated APPF on 10 October 2015. The consolidation of APPF at this time was accounted for as a business combination, with goodwill on the consolidation being recognised.

As a result of this prior consolidation, no goodwill will be recognised as a result of the Merger, with the accounting transactions that arise as a result of the Merger being as follows:

1. All non-controlling interests within Aspen Group's financial statements in respect to APPF are extinguished, by way of additional equity being allotted. This results in a debit (reduction) in non-controlling interests, and a credit (increase) in issued capital.

A buy back of equity, to reflect any take up by APPF investors of the Cash Option. This results in a debit (reduction) in issued capital, and a credit (reduction) in cash and cash equivalents.

8.5 Cash flow statements for the year ended 30 June 2015

8.5.1 APPF pro forma cash flow statement for the year ended 30 June 2015

The APPF pro forma cash flow statement for the year ended 30 June 2015 is set out below.
It has been extracted from APPF's audited 30 June 2015 financial statements.

	APPF 30 June 2015 $'000	Pro forma adjustments 30 June 2015 $'000	APPF pro forma 30 June 2015 $'000
Cash flows from operating activities			
Receipts from customers	65,978	–	65,978
Payments to suppliers & employees	(53,209)	–	(53,209)
Borrowing costs	(4,975)	–	(4,975)
Interest received	81	–	81
Tax	502	–	502
Net cash flows from operating activities	**8,377**	**–**	**8,377**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(35,133)	–	(35,133)
Net cash flows from investing activities	**(35,133)**	**–**	**(35,133)**
Cash flows from financing activities			
Proceeds from borrowings	45,425	–	45,425
Repayment of borrowings	(49,018)	–	(49,018)
Proceeds from the issue of stapled securities	41,212	–	41,212
Payments on redemption of stapled securities	(6,000)	–	(6,000)
Distribution paid	(8,424)	–	(8,424)
Payment of transaction costs	(585)	–	(585)
Net cash flows from financing activities	**22,610**	**–**	**22,610**
Net cash flows	**(4,146)**	**–**	**(4,146)**

8.5.2 Aspen Group pro forma consolidated cash flow statement for the year ended 30 June 2015

The Aspen Group pro forma consolidated cash flow statement for the year ended 30 June 2015 is set out below. It has been extracted from Aspen Group's audited 30 June 2015 financial statements.

	Aspen Group 30 June 2015 $'000	Pro forma adjustments 30 June 2015 $'000	Aspen Group pro forma 30 June 2015 $'000
Cash flows from operating activities			
Receipts from customers	76,310	–	76,310
Payments to suppliers & employees	(67,028)	–	(67,028)
Dividends received	230	–	230
Borrowing costs	(7,289)	–	(7,289)
Interest received	1,192	–	1,192
Net cash flows from operating activities	**3,415**	**–**	**3,415**
Cash flows from investing activities			
Proceeds from sale of investment properties	20,673	–	20,673
Proceeds from disposal of assets held for sale	18,393	–	18,393
Improvements to investment properties	(1,031)	–	(1,031)
Repayment of loan from third parties	3,000	–	3,000
Repayment of loan from Directors	2,150	–	2,150
Acquisition of property, plant and equipment	(45,502)	–	(45,502)
Acquisition of business	(7,707)	–	(7,707)
Acquisition of subsidiary, net of cash acquired	(33,571)	–	(33,571)
Cash invested in term deposits & restricted funds	(2,834)	–	(2,834)
Net cash flows from investing activities	**(46,429)**	**–**	**(46,429)**
Cash flows from financing activities			
Proceeds from borrowings	68,304	–	68,304
Repayment of borrowings	(20,150)	–	(20,150)
Payments for securities buy-back	(8,641)	–	(8,641)
Distribution paid	(10,441)	–	(10,441)
Payment for securities bought back from non-controlling interests	(5,786)	–	(5,786)
Distribution paid to non-controlling interests	(4,116)	–	(4,116)
Net cash flows from financing activities	**19,170**	**–**	**19,170**
Net cash flows	**(23,844)**	**–**	**(23,844)**

8.5.3 Merged Group pro forma consolidated cash flow statement for the year ended 30 June 2015

The Merged Group pro forma consolidated cash flow statement for the year ended 30 June 2015 is set out below. It is the combination of the APPF pro forma cash flow statement (Section 8.5.1) and the Aspen Group pro forma consolidated cash flow statement for the year ended 30 June 2015 (Section 8.5.2), adjusted for necessary eliminations and adjustments arising from the merger, as detailed below.

	APPF	Aspen Group	Pro forma adjustments	Merged Group pro forma
	FY15 $'000	FY15 $'000	FY15 $'000	FY15 $'000
Cash flows from operating activities				
Receipts from customers	65,978	76,310	16,159	92,469
Payments to suppliers & employees	(53,209)	(67,028)	(11,472)	(78,500)
Dividends received	–	230	(230)	–
Borrowing costs	(4,975)	(7,289)	(1,182)	(8,471)
Interest received	81	1,192	28	1,220
Tax	502	–	502	502
Net cash flows from operating activities	**8,377**	**3,415**	**3,805**	**7,220**
Cash flows from investing activities				
Proceeds from sale of investment properties	–	20,673	–	20,673
Proceeds from disposal of assets held for sale	–	18,393	–	18,393
Improvements to investment properties	–	(1,031)	–	(1,031)
Repayment of loan from third parties	–	3,000	–	3,000
Repayment of loan from Directors	–	2,150	–	2,150
Acquisition of property, plant and equipment	(35,133)	(45,502)	(925)	(46,427)
Acquisition of business	–	(7,707)	–	(7,707)
Acquisition of subsidiary, net of cash acquired	–	(33,571)	–	(33,571)
Cash invested in term deposits & restricted funds	–	(2,834)	–	(2,834)
Net cash flows from investing activities	**(35,133)**	**(46,429)**	**(925)**	**(47,354)**
Cash flows from financing activities				
Proceeds from borrowings	45,425	68,304	–	68,304
Repayment of borrowings	(49,018)	(20,150)	(2,500)	(22,650)
Payments for securities buy-back	–	(8,641)	–	(8,641)
Payments from the issues of stapled securities	41,212	–	–	–
Payments on redemption of stapled securities	(6,000)	–	–	–
Distribution paid	(8,424)	(10,441)	(5,757)	(16,198)
Payment for securities bought back from non-controlling interests	–	(5,786)	(166)	(5,952)
Distribution paid to non-controlling interests	–	(4,116)	4,116	–
Payment of transaction costs	(585)	–	–	–
Net cash flows from financing activities	**22,610**	**19,170**	**(4,307)**	**14,863**
Net cash flows	**(4,146)**	**(23,844)**	**(1,427)**	**(25,271)**

Pro forma adjustments

The pro forma adjustment of the Merged Group outlined above include the cash flows of APPF on a consolidated basis for the period 1 July 2014 to 30 June 2015, rather than from 10 October 2014, being the date that Aspen Group obtained control of APPF, to 30 June 2015. This includes the elimination of distributions received from APPF for the period 1 July 2014 to 10 October 2014 of $0.2 million.

8.6 Income statements for the year ended 30 June 2015

8.6.1 APPF pro forma income statement for the year ended 30 June 2015

The APPF pro forma income statement for the year ended 30 June 2015 is set out below.
It has been extracted from APPF's audited 30 June 2015 financial statements. It reconciles the underlying profit/(loss) to the statutory profit/(loss). Underlying profit is a non-IFRS measure that is described in Section 8.1.1.

	APPF FY15 $'000	Pro forma adjustments FY15 $'000	APPF pro forma FY15 $'000
Net property income	19,840	–	19,840
Net development income	294	–	294
Gross profit	**20,134**	**–**	**20,134**
Expenses			
Overhead expenses	(4,704)	–	(4,704)
Total expense	**(4,704)**	**–**	**(4,704)**
Other income	318	–	318
EBITDA	**15,748**	**–**	**15,748**
Net financing expense	(4,125)	–	(4,125)
Depreciation	(6,911)	–	(6,911)
Tax	22	–	22
Underlying profit/(loss)	**4,734**		**4,734**
Non-underlying items			
Administration & restructuring expenses	(984)	–	(984)
Net change in fair value	(2,149)	–	(2,149)
Mark-to-market of interest rate swaps	(1,275)	–	(1,275)
Acquisition costs	(2,332)	–	(2,332)
Loss from discontinued operations – assets held for sale	(2,595)	–	(2,595)
Other expenses	(441)	–	(441)
Total non-underlying items	**(9,776)**	**–**	**(9,776)**
Statutory net profit/(loss)	**(5,042)**	**–**	**(5,042)**

Earnings per security (EPS) attributable to ordinary equity holders of the parent from continuing operations	**Cents**
Securities on issue ('000)	232,636
Underlying earnings per security (cents)	2.2
Statutory earnings per security (cents)	(2.3)
Distributions per security (cents)	4.0

Refer to Section 8.1.1 for details as to what comprises underlying profit/(loss), and what is deemed to be a non-underlying item.

In respect to non-underlying items included above:

- Administration and restructuring expenses: This pertains to one off costs incurred in respect to relocating APPF's corporate office to Sydney.
- Net change in fair value: This expense line includes revaluations of property, plant and equipment and goodwill, primarily in respect to accommodation properties.
- Acquisition costs: All costs associated with the acquisition of accommodation properties, other than the land and business purchase price, have been expensed. This includes (but is not limited to) stamp duty, legal costs, acquisition fees payable to Aspen Group, and consultant costs.
- Other expenses: This expense line includes any expense of a non-underlying nature, which is not of a sufficiently material quantum to be disclosed in a separate line item. Examples of such expenses include transaction costs associated with the Merger and which were expensed during FY15, and deductibles paid in respect to an insurance claim from a cyclone.

8.6.2 Aspen Group pro forma consolidated income statement for the year ended 30 June 2015

The Aspen Group pro forma consolidated income statement for the year ended 30 June 2015 is set out below. It has been extracted from Aspen Group's audited 30 June 2015 financial statements. It reconciles the underlying profit/(loss) to the statutory profit/(loss). Underlying profit is a non-IFRS measure that is described in Section 8.1.1.

	Aspen Group FY15 $'000	**Pro forma adjustments FY15 $'000**	**Aspen Group pro forma FY15 $'000**
Net property income	28,856	–	28,856
Net development income	294	–	294
Gross profit	**29,150**	**–**	**29,150**
Expenses			
Overhead expenses	(10,816)	–	(10,816)
Total expense	**(10,816)**	**–**	**(10,816)**
Other income	471	–	471
EBITDA	**18,805**	**–**	**18,805**
Net financing expense	(4,614)	–	(4,614)
Depreciation	(5,009)	–	(5,009)
Tax	–	–	–
Underlying profit/(loss)	**14,191**	**–**	**14,191**
Non-controlling interest	(4,020)	–	(4,020)
Underlying profit/(loss) attributable to Aspen Group securityholders	**10,171**	**–**	**10,171**
Non-underlying items			
Other income	353	–	353
Change in fair value of investment properties & PPE	(31,465)	–	(31,465)
Administration & restructuring expenses	(3,748)	–	(3,748)
Mark-to-market of interest rate swaps	(2,026)	–	(2,026)
Other expenses	(801)	–	(801)
Change in fair value of assets held for sale	(1,892)	–	(1,892)
Share of profit/(loss of equity accounted investees	1,262	–	1,262
Acquisition costs	(3,292)	–	(3,292)
Loss from discontinued operations	703	–	703
Total non-underlying items	**(40,906)**	**–**	**(40,906)**
Non-controlling interest	9,404	–	9,404
Non Underlying items attributable to Aspen Group securityholders	**(31,502)**	**–**	**(31,502)**
Statutory net profit/(loss)	**(31,724)**	**–**	**(31,724)**
Non-controlling interest	**8,290**		**8,290**
Statutory net profit/(loss) attributable to Aspen Group securityholders	**(23,434)**		**(23,434)**

Earnings per security (EPS) attributable to ordinary equity holders of the parent from continuing operations	**Cents**
Securities on issue ('000)	113,161
Underlying earnings per security (cents)	7.1
Statutory earnings per security (cents)	(20.7)
Distributions per security (cents)	9.0

Refer to Section 8.1.1 for details as to what comprises underlying profit/(loss), and what is deemed to be a non-underlying item.

In respect to non-underlying items included above:

- Administration and restructuring expenses: This pertains to one off costs incurred in respect to relocating Aspen Group and APPF's corporate office to Sydney.
- Net change in fair value: This expense includes revaluations of property, plant and equipment and goodwill, primarily in respect to accommodation properties.
- Acquisition costs: All costs associated with the acquisition of accommodation properties, other than the land and business purchase price, have been expensed. This includes (but is not limited to) stamp duty, legal costs, and consultant costs.
- Other expenses: This expense includes any expense of a non-underlying nature, which is not of a sufficiently material quantum to be disclosed in a separate line item. Examples of such expenses include transaction costs associated with the Merger and which were expensed during FY15, and deductibles paid in respect to an insurance claim from a cyclone.

8.6.3 Merged Group pro forma consolidated income statement for the year ended 30 June 2015

The Merged Group pro forma consolidated income statement for the year ended 30 June 2015 is set out below. It is the combination of the APPF pro forma consolidated income (Section 8.6.1) and the Aspen Group pro forma consolidated income statement for the year ended 30 June 2015 (Section 8.6.2), adjusted for necessary eliminations and adjustments arising from Merger, as detailed below.

	APPF FY15 $'000	Aspen Group FY15 $'000	Pro forma adjustments FY15 $'000	Merged Group pro forma FY15 $'000
Net property income	19,840	28,856	6,676	35,532
Net development income	294	294	–	294
Gross profit	**20,134**	**29,150**	**6,676**	**35,826**
Expenses				
Overhead expenses	(4,704)	(10,816)	(1,493)	(12,309)
Other expenses	–	–	–	–
Total expense	**(4,704)**	**(10,816)**	**(1,493)**	**(12,309)**
Other income	318	471	–	471
EBITDA	**15,748**	**18,805**	**5,183**	**23,988**
Net financing expense	(4,125)	(4,614)	(1,463)	(6,077)
Depreciation	(6,911)	(5,009)	(1,902)	(6,911)
Tax	22	–	–	–
Underlying profit/(loss)	**4,734**	**9,182**	**1,818**	**11,000**
Non-controlling interest	-	(1,114)	1,114	-
Underlying profit/(loss) attributable to Aspen Group securityholders	**4,734**	**8,068**	**2,932**	**11,000**
Non-underlying items				
Other income	–	353	64	417
Change in fair value of investment properties & PPE	(2,149)	(31,465)	839	(30,626)
Administration & restructuring expenses	(984)	(3,748)	–	(3,748)
Mark-to-market of interest rate swaps	(1,275)	(2,026)	161	(1,865)
Other expenses	(441)	(801)	–	(801)
Change in fair value of assets held for sale	–	(1,892)	–	(1,892)
Share of profit/(loss of equity accounted investees	–	1,262	(1,262)	–
Acquisition costs	(2,332)	(3,292)	–	(3,292)
Loss from discontinued operations	(2,595)	703	–	703
Total non-underlying items	**(9,776)**	**(40,906)**	**(198)**	**(41,104)**
Non-controlling interest	-	9,404	(9,404)	-
Non Underlying items attributable to Aspen Group securityholders	**(9,776)**	**(31,502)**	**(9,602)**	**(41,104)**
Statutory net profit/(loss)	**(5,042)**	**(31,724)**	**1,620**	**(30,104)**
Non-controlling interest	**–**	**8,290**	**(8,290)**	**–**
Statutory net profit/(loss) attributable to Aspen Group securityholders	**(5,042)**	**(23,434)**	**(6,670)**	**(30,104)**
Earnings per security (EPS) attributable to ordinary equity holders of the parent from continuing operations				
Securities on issue ('000)	232,636	113,161		127,873
Underlying earnings per security (cents)	2.2	7.1		8.6
Statutory earnings per security (cents)	(2.3)	(20.7)		(23.5)
Distributions per security (cents)	4.0	9.0		9.0

Pro forma adjustments

The pro forma adjustments of the Merged Group outlined above include:

- The consolidation of APPF from 1 July 2014 rather than from 10 October 2014, being the date on which APPF was consolidated within the Aspen Group. This required the removal of equity accounted income of $1.3 million from APPF for the period 1 July 2014 to 10 October 2014, replaced by the impact of full consolidation of APPF for the same period in order to reflect the consolidated results for the period 1 July 2014 to 30 June 2015; and
- The removal of all APPF non-controlling interests ($8.3 million statutory) for the period 10 October 2014 to 30 June 2015.

The Merger of APPF and Aspen Group results in the pro forma 30 June 2015 consolidated underlying profit attributable to Merged Group securityholders increasing to $11.0 million (from $8.1m for Aspen Group securityholders, and $4.7m for APPF securityholders).

8.7 Merged Group earnings forecast for the year ending 30 June 2016

8.7.1 Basis of preparation

The Merged Group pro forma consolidated earnings forecast for the year ending 30 June 2016 assumes the Merger has been implemented on 15 December 2015 and comprises:

- APPF's earnings forecast for the year ending 30 June 2016;
- Aspen Group's earnings forecast for the year ending 30 June 2016; and
- Pro forma adjustments reflecting impacts arising from implementing the Merger on 15 December 2015.

8.7.2 Consolidated earnings forecast for the year ending 30 June 2016

	APPF FY16 $'000	Aspen Group FY16 $'000	Pro forma adjustments FY16 $'000	Merged Group pro forma FY16 $'000
Net property income	24,482	34,098	–	34,098
Net development income	2,652	3,232	89	3,321
Gross profit	**27,134**	**37,330**	**89**	**37,419**
Expenses				
Overhead expenses	(7,053)	(11,606)	904	(10,702)
Other expenses	–	–	–	
Total expense	**(7,053)**	**(11,606)**	**904**	**(10,702)**
Other income	–	–	–	–
EBITDA	**20,081**	**25,724**	**993**	**26,717**
Net financing expense	(4,515)	(4,812)	(119)	(4,931)
Depreciation	(5,224)	(5,343)	–	(5,343)
Tax	–	–	–	–
Underlying profit/(loss)	**10,342**	**15,569**	**874**	**16,443**
Non-controlling interest	–	(6,117)	6,117	–
Underlying profit/(loss) attributable to Aspen Group securityholders	**10,342**	**9,452**	**6,991**	**16,443**
Non-underlying items				
Change in fair value of investment properties & PPE	600	600	–	600
Mark to market of interest rate swaps	(1,005)	(1,298)	–	(1,298)
Loss from discontinued operations	–	(101)	–	(101)
Transaction costs	(691)	(2,296)	–	(2,296)
Total non-underlying items	**(1,096)**	**(3,095)**	**–**	**(3,095)**
Net profit/(loss)	**9,246**	**12,474**	**874**	**13,348**
Non-controlling interest	–	(5,734)	5,734	–
Statutory profit attributable to Aspen Group securityholders	**9,246**	**6,740**	**6,608**	**13,348**

Earnings per security (EPS) attributable to ordinary equity holders (cents)				
Total securities outstanding	232,636	113,161		139,300
Weighted securities on issue	225,013	113,161		127,873
Underlying earnings per security (cents)	4.6	8.4		12.9
Statutory earnings per security (cents)	4.3	6.6		10.4
Distributions per security (cents)	4.0	9.4		12.0
Interest coverage ratio	4.72x	25.41x		6.55x

Pro forma adjustments

The pro forma adjustments of the Merged Group outlined above include:

- Administrative cost savings of $0.9 million ($1.7 million on an annualised basis) arising from the APPF Merger, the majority of which relate to employee operational synergies;
- Increased interest expense corresponding to the forecast increase in interest bearing loans and borrowings to fund the following:
  - The utilisation of the Cash Facility, assumed to be $35.0 million;
  - The transaction costs of $3.8 million; and
  - The cost associated with breaking the APPF interest rate swaps of $3.2 million

This increase is offset by the forecast decrease in commitment fees payable due to a $35.0 million reduction in the total facility limit of the Merged Group.

8.7.3 Aspen Group's and APPF's best estimate assumptions

- Rental income has been forecast on a property-by-property basis based on assumptions for occupancy and average rates, as well as lease terms (where applicable). These are broadly consistent with historical performance, with the exception of the following:
  - The full year effect in FY16 of acquisitions and dispositions completed in FY15, as well as further acquisitions (Adelaide Caravan Park and Tomago Van Village) and dispositions (Spearwood industrial estate – North, Monkey Mia Dolphin Resort, Ningaloo Reef Resort and Exmouth Cape Holiday Park) made in FY16;
  - Forecast increases in revenue at Ashley Gardens, Boathaven Holiday Park, Dubbo Parklands, and Perth Vineyards as a result of capital expenditure relating to additional cabins or available facilities; and
  - Forecast decreases in revenue at the four APPF resource parks; Balmoral, Cooke Point, Myall Grove, and Pilbara as a result of either a forecast fall in anticipated occupancy levels, tariffs or both. Aspen Karratha Village has been assumed to hold 83% occupancy in line with the lease agreement that exists with a major tenant which expires in January 2018.
- Direct property expenses have been forecast on a property-by-property basis based on current outgoings expectations. They have been forecast based on actual expenses for the year ending 30 June 2015 and adjusted, where applicable, based on individual circumstances.
- Development profits have been forecast on a property-by-property basis. Key assumptions include:
  - Development profits are recognised on settlement of cabins;
  - That the Merged Group will generate development profits from the relocation of cabins from Pilbara to Perth Vineyards. Development approvals required for the relocation of up to 17 additional cabins has been obtained; and
  - At the date of the disclosure documents, $0.1 million in development profits from 1 sale has been generated, 3 sales have been secured, and development approvals in respect to all assumed development profits have been obtained.
- APPF's current stand-alone debt for FY16 would be drawn at average gross interest rates (including the impact of derivatives) of approximately 4.7% based upon APPF's financing facilities and APPF's expectation of interest rates for FY16.
- Aspen Group's current stand-alone debt for FY16 would be drawn at average gross interest rates (including the impact of derivatives) of approximately 3.5% based upon Aspen Group's financing facilities and expectation of interest rates for FY16.
- Depreciation expense pertains to the forecast Merged Group's stay in business capital expenditure requirements for FY16. This expense has been forecast on a property by property basis.
- The change in fair value of investment properties & property plant and equipment pertains to the forecast reversal of prior period impairments made on cabins that are currently located at the Pilbara property, and which are forecast to be relocated to the Perth Vineyards property and sold.

8.7.4 General assumptions for the Merged Group

No further property acquisitions or divestments in the forecast period, other than Adelaide Caravan Park which was settled on 21 October 2015.

Depreciation expense reflects the Merged Group's assumption that all stay in business capital expenditure (which is separate to capacity or value enhancing capital expenditure) required on the Merged Group accommodation portfolio is expensed.

No material contract disputes or litigation in the forecast period.

No material change in the competitive operating environment.

No material changes to accounting policies or the Corporations Act in the forecast period.

No material changes in Australian tax legislation.

No significant change to legislative or regulatory environment.

All existing leases are enforceable and perform in accordance with their terms.

A reduction in corporate overheads forecast from existing employee arrangements and supplier contracts following the Merger.

8.8 Distribution policy and distributions

The Merged Group will seek to provide a reliable and, if possible, increasing distribution to securityholders over time. Merged Group distributions are expected to continue to be sourced from underlying profits less an allowance for capital expenditure required to maintain business operations on an 'as is' basis.

Over recent years, Aspen Group has distributed 93% to 126% of underlying profits. There is no current intention for the Merged Group to move outside this distribution payout range, although no guarantee can be given in this regard.

The pro forma Merged Group underlying profit of $11.0 million (for the year ended 30 June 2015) would require a distribution payout of 105% to achieve an actual DPS of 12.0 cents per Merged Group Security on the enlarged security base of 139.3 million securities (within the historical 93% to 126% payout range). This pro forma Merged Group underlying profit for the year ended 30 June 2015 excludes any improvement to underlying profit that may occur in the future from operating synergies that arise from the Merger.

The actual DPS of 9.0 cents per Aspen Group security for the year ended 30 June 2015 required a distribution payout of 126% of underlying profit.

The Merged Group will seek to distribute, at a minimum, the net taxable income of APPT and APT and accordingly, under current tax arrangements, the trusts should not then be liable for income tax. In addition, distributions may include other amounts that the directors of the Merged Group determine should be taken into account, for example certain gains and losses and other items as considered appropriate.

Securityholders in the Merged Group may receive distributions or dividends from any or each component of the Merged Group, i.e. from any or all of APPML, AGL, APPT and APT. The current intention is that following the Merger, combined distributions will be paid twice a year within two months of the end of each six month period.

The first distribution of the Merged Group is expected to be for the six month period to 30 June 2016 in addition to any period from the Record Date of the Merger to 31 December 2015, which based on the expected timeline would be an additional 22 days. This distribution is subject to the Merger occurring in accordance with the expected timeline, and in the event that the Record Date were to change, the first distribution amount would change.

The first Merged Group distribution would be payable in August 2016. The second distribution of the Merged Group is expected to be for the six month period to 31 December 2016, and be payable in February 2017.

8.8.1 Distributions payable to APPF securityholders

Distributions payable to APPF securityholders in the year ending 30 June 2016 will be a combination of distributions on existing APPF securities, currently expected to be for the five months ending 30 November 2015, the APPF Special Distribution, and distributions on Merged Group Securities which would commence for the period to 30 June 2016, and be payable in August 2016, as set out above.

It should be noted that, as described above, Merged Group intends to pays distributions every six months. APPF has historically paid distributions monthly.

8.8.2 Distributions payable to Aspen Group securityholders

Distributions payable to Aspen Group securityholders in the year ending 30 June 2016 will be a combination of the Aspen Group Special Distribution for the approximate period from 1 July 2015 to 10 December 2015, and distributions on Merged Group Securities which would commence for the period to 30 June 2016, and be payable in August 2016, as set out above.

8.9 Financing arrangements

At the Implementation Date, the Merged Group is forecast to have approximately $122.0 million of secured debt. This new financing arrangement is expected to be a club facility comprising $140.0 million, and maturing no earlier than September 2017.

In the event that the Merger does not proceed, Aspen Group and APPF would retain their respective bank facilities that exist at the date of this Disclosure Document. Refer to Sections 5.1.6 and 5.2.6 for details of these respective debt facilities.

The APPF Board and the Aspen Group Board consider that either the proposed or existing facilities, together with the forecast cash flows, will enable the Merged Group to carry out its business and stated objectives following implementation of the Merger, and is appropriate having regard to the financial and investment profile of the Merged Group.

The Boards of Aspen Group and APPF consider that the Merged Group will be able to operate as a going concern, and that the Merged Group's cash flow forecasts support the opinion of the Boards of Aspen Group and APPF that the Merged Group's working capital position will remain positive for at least the next twelve months from the date of this Explanatory Memorandum.

The Merged Group is forecast to enter into derivative contracts to hedge 74% of its related interest rate risks.

8.9.1 Terms and use of facilities

The proposed bank facilities described above are expected to take the form of a club style arrangement. To this end, the Merged Group is expected to enter into a Common Terms Deed, with two separate financiers providing debt by way of bilateral facility agreements.

In summary, the Common Terms Deed contains all common provisions applicable to the new bank facilities described above including, amongst other things, representations, undertakings and events of default. The separate bilateral facility agreements contain commercial variables (including tenor, volume, availability periods and pricing) and other provisions specific to the facilities to be provided by each lender.

The new bank facilities are expected to be secured against all freehold and leasehold property assets the Merged Group own, as well as by way of fixed and floating charges over the Merged Group's other assets. In addition, the new bank facilities are forecast to contain (amongst other things):

- a negative pledge restricting the creation of encumbrances by the Merged Group, other than as permitted pursuant to the Common Terms Deed;

- two financial covenants in respect of LVR and ICR (see below);
- customary conditions precedent to drawdown. It is expected that the Merged Group will be in a position to satisfy all such conditions precedent; and
- representations, undertakings and events of default which are customary for bank facilities of the type described above or which are considered appropriate having regard to the assets and business of the Merged Group.

Further information on the above mentioned financial covenants is set out below:

LVR covenant: The financial covenant in respect of LVR is forecast to require the Merged Group to ensure that its total interest bearing liabilities do not exceed 45.0% of its total secured properties (referencing independent valuations). If the Merged Group's LVR were to exceed 45.0%, it would result in a review event if the LVR were below 50.0%, and an event of default if the LVR were to exceed 50.0%.

Assuming a full take up of the Cash Option, the Merged Group's pro forma LVR as at 30 June 2015 was 44.3%, within the facility covenant of 45.0%. Details of the forecast LVR assuming a lower take up of the Cash Option is outlined in Section 8.10.

ICR covenant: The financial covenant relating to the Merged Group's ICR requires the Merged Group to ensure that the ratio of its EBITDA to its interest expense does not fall below a certain level. The Merged Group's pro forma forecast ICR for the year ending 30 June 2015 is 4.20x. This ICR is substantially higher than the forecast ICR covenant of 2.25x in the new banking facilities.

The bank loan facilities are expected to mature in September 2017 and have the flexibility to be repaid and subsequently redrawn as required.

8.9.2 The Merged Group's financing profile

Details of the Merged Group's proposed financing profile is provided in Section 6.5.

8.10 Sensitivity analysis

The Merged Group pro forma consolidated earnings forecast for the year ending 30 June 2016 is based on certain economic and business assumptions about future events that are subject to business, economic and competitive uncertainties and contingencies some of which may be beyond the control of the Merged Group.

Below is a summary of the impact on the Merged Group's annualised pro forma consolidated earnings forecast to variations in non-controlled assumptions. The table below provides sensitivities to earnings assuming all transactions occur on the Merger implementation date, where relevant.

	Increase/ Decrease	Underlying earnings $'000	Net profit/(loss) $'000	Cents per security
Pro forma FY16 statutory profit (Section 8.7.2)		**13,348**		**10.4**
Pro forma FY16 underlying profit (Section 8.7.2)		**16,443**		**12.9**
Pro forma FY16 distributable profit		**15,405**		**12.0**
Short-stay accommodation income	+/- 5%	+/- 1,668		+/- 1.2
Park operating expenses	+/- 5%	+/- 252		+/- 0.2
Residential development settlements	+/- 1 settlement	+/- 87		+/- 0.1
Interest rate movement	+/- 1%	+/- 320		+/- 0.2

The sensitivities above relate to the following assumptions:

- Short-stay accommodation income – this includes all short-stay related income forecast for the full 2016 financial year, excluding the three parks in Western Australia (Monkey Mia Dolphin Resort, Ningaloo Reef and Exmouth Cape Holiday Park) that were sold and settled on 15 September 2015;
- Park operating expenses – the forecast property operating expenses (excluding corporate overheads) for the full 2016 financial year across all parks within Aspen Group and APPF;
- Residential development settlements – APPF has been relocating vacant cabins from Pilbara Holiday Park to Perth Vineyards Holiday Park in the last 12 months. Additional cabins are forecast to be relocated in the 2016 financial year. Each cabin relocated from Pilbara has a cost base of approximately $50,000, incurs relocation costs of approximately $43,000 and is sold as an MHE cabin for an estimated $190,000; and
- Interest rate movement – The total debt balance after the merger, $122.0 million, less the $90.0 million hedged debt is applied to the interest rate sensitivity. The unhedged portion is forecast to incur interest at the BBSY floating rate plus each financiers respective debt margin

Caution should be taken when interpreting the above sensitivities. The changes in key variables set out above are not intended to be indicative of the complete range of variations. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables. In practice, changes in variables may offset, or amplify, each other.

8.10.1 Impact of Cash Option take up on the pro forma FY16 consolidated earnings forecast and consolidated statement of financial position as at 30 June 2015

The Merged Group pro forma consolidated earnings forecast for the year ending 30 June 2016 and consolidated statement of financial position as at 30 June 2015 is based on the full $35.0m Cash Option being taken up by APPF securityholders.

Below is a summary of the impact on the Merged Group's annualised pro forma consolidated earnings forecast and consolidated statement of financial position to variations in the level of take up by APPF securityholders in the Cash Option. The pro forma adjustments may be annualised to show the ongoing impact of the merger. The table below provides sensitivities to earnings assuming all transactions occur on the merger implementation date, where relevant.

	100% take-up		50% take-up		0% take-up	
	$'000	**Cents per security**	**$'000**	**Cents per security**	**$'000**	**Cents per security**
Statutory profit	13,348	10.4	13,671	10.1	13,995	9.8
Underlying earnings	16,443	12.9	16,765	12.4	17,089	12.0
Distributions	15,405	12.0	16,255	12.0	17,089	12.0
Payout ratio	94%		97%		100%*	
Gearing	39.2%		33.3%		27.4%	
LVR	44.3%		38.0%		31.6%	
NAV	$1.18		$1.19		$1.20	

* Notwithstanding that the payout ratio for FY16, assuming a 0% take up of the Cash Option, exceeds 100%, the Board considers a 12.0 cent distribution to be sustainable on the basis that the FY16 underlying earnings do not have a full year impact of forecast operating synergies. Annualised operating synergies of $1.7 million are forecast to be achieved from the Merger, of which only $0.9 million are included in FY16.

8.11 Key accounting policies

The accounting policies used to prepare the financial information are based on the current accounting policies of APPF and Aspen Group, as outlined in their respective annual financial reports for the year ended 30 June 2015.

The significant accounting policies that have been adopted are outlined below.

8.11.1 Rental income

Rental income is recognised when the amount of revenue can be measured reliably and it is probable that it will be received by Aspen. It is measured at the fair value of revenue received or receivable.

8.11.2 Property, plant and equipment (PPE)

Accommodation properties are generally recognised as PPE. Some portions of the accommodation properties are recognised as goodwill or unrecognised goodwill, and are discussed in Section 8.1 and Section 8.11.4.

A reconciliation of of the combined value of PPE, goodwill and unrecognised goodwill, against the combined sum of independent valuations received on the Merged Group's accommodation portfolio, is disclosed in Section 8.4.3.

PPE is initially measured at the historical cost of the asset, minus depreciation and impairment. The cost of the PPE also includes the cost of replacing parts that are eligible for capitalisation, and the cost of major inspections when constructing PPE

PPE, except for corporate assets, is subsequently measured at fair value at each balance date. Fair value is determined on the basis of either an independent valuation prepared by external valuers as at the balance sheet date or by directors' valuation. Corporate office assets are not subsequently revalued and are carried at historical cost less depreciation.

The fair value of PPE is measured based on the capitalisation method and, where applicable, the discounted cash flow approach. APPF and Aspen Group consider both techniques, and reconciles and weighs the estimates under each technique based on its assessment of the judgment that market participants would apply.

Revaluation increases are recognised as follows:

- If in relation to an asset that has never been revalued down, the revaluation increase is recognised in other comprehensive income; and
- If in relation to an asset that has previously been revalued down, the revaluation increase is recognised in the profit or loss.

Revaluation decreases are recognised as follows:

- If in relation to an asset that has never been revalued up, the revaluation decrease is recognised in the profit or loss; and
- If in relation to an asset that has previously been revalued up, the revaluation decrease is recognised in other comprehensive income.

8.11.3 Assets held for sale

Current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Once classified they are carried at the lower of their carrying amount and fair value less cost of disposal.

8.11.4 Goodwill

Goodwill is recognised on properties acquired under business combinations, with Aspen Group and APPF considering all accommodation parks to be the acquisition of a business combination. Goodwill that is acquired is measured at cost less accumulated impairment losses. Goodwill with an indefinite useful life is systematically tested for impairment at the date of each statement of financial position.

The combined value of PPE, goodwill and unrecognised goodwill is generally supported by independent valuations obtained in respect to each accommodation property. A reconciliation of of the combined value of PPE, goodwill and unrecognised goodwill, against the combined sum of independent valuations received on the Merged Group's accommodation portfolio, is disclosed in Section 8.4.3.

8.11.5 Borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowing on an effective interest basis.

8.11.6 Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, and amortisation of ancillary costs incurred in connection with the arrangement of borrowings, less amounts capitalised to the cost of qualifying development assets.

In the Merged Group pro forma earnings forecast, net interest expense is the sum of borrowing costs and net interest (comprising both interest expense and interest income).

8.11.7 Employee benefits

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave represent present obligations resulting from employees' services provided to the end of the reporting period, calculated at undiscounted amounts based on wage and salary rates that are expected to be paid at the end of the reporting period including related on-costs, such as workers compensation, insurance and payroll tax.

Long service leave

Long service leave represents the present value of the estimated future cash outflows, to be made resulting from employees' services provided.

8.11.8 Expenses

All expenses are recognised in the Merged Group pro forma earnings forecast on an accruals basis. Property expenditure includes cost of goods sold, employee costs, park overheads, rates, taxes and other outgoings incurred in relation to accommodation properties, where such expenses are the responsibility of the Merged Group.

9. Risk Factors

9.1 Introduction

The future performance of the Merged Group and its Securities may be influenced by a range of factors, many of which would be outside the control of the Merged Group and its Board. Certain risk factors identified by APPF and Aspen Group are set out below. This list is not exhaustive.

The risk factors are both specific to the Merged Group's business activities and of a general nature. Each of the risks described below, if it occurs, could have an adverse effect, either individually or in combination with other risks, on the current and future business, operational or financial performance and prospects of the Merged Group. Such an adverse effect could require the Merged Group to raise significant additional capital or impact the value of and investment returns from Merged Group Securities, with the potential that you could lose some or all of your investment. There can be no guarantee that the Merged Group will achieve its stated objectives or that any forward looking statements or forecasts will eventuate.

Securityholders should read the Explanatory Memorandum and Securityholder Booklets carefully and in their entirety before deciding how to vote on the Merger, how to elect consideration, and specifically consider the risks contained within this Section 9 and have regard to their particular investment objectives, financial situation, tax position and individual needs. Securityholders should consult their financial, investment, taxation or other professional adviser before deciding how to vote on the Merger. There may be risk factors in addition to these that should be considered in light of individual circumstances.

9.2 Risks related to the Merger

9.2.1 Realisation of anticipated cost savings

The Merged Group pro forma consolidated earnings forecast for the year ending 30 June 2016 assumes the Merged Group achieves an annualised $1.7 million of cost savings. These cost savings pertain to the following:

- Administrative cost savings of $1.7 million on an annualised basis arising from the Merger; and
- Reduced interest expense associated with breaking the APPF interest rate swaps ($3.2 million).

These forecast cost savings are based on management's reasonable expectations of synergies that will arise from the simplification of APPF and Aspen Group's business, however there is no certainty that these savings will occur. In the event that these do not occur, then the forecast Merged Group pro forma consolidated earnings forecast for the year ending 30 June 2016 would be negatively impacted.

9.2.2 The exact value of the Merger Consideration is uncertain

For APPF securityholders who retain Merged Group Securities or participate in the Sale Facility, and for Aspen Group securityholders who will retain Merged Group Securities as Merger Consideration, the exact value of the Merger Consideration will vary with the market price of Merged Group Securities. The Independent Expert believes the fair value of a Merged Group Security to be in the range of $1.30 to $1.40. This implies a consideration received in the range of $0.50 to $0.54 per APPF security, which is a value range premium between 9% and 17% to the APPF NAV per security. Further detail provided in Section 11.4 of the Independent Expert Report. Trading on the ASX remains subject to market conditions, such as there being sufficient buyers of Merged Group securities. Aspen Group has historically had low liquidity, with full details of Aspen Group's historic price/volume and trading history located at Section 5.1.4 of this Explanatory Memorandum. This value is unknown as Merged Group Securities are not currently quoted on the ASX. The market price of Merged Group Securities will be impacted by a number of factors, including:

- the price of Aspen Group securities on the ASX up to and including the Effective Date; and
- the take-up of the Cash Option by APPF securityholders, which will impact the number of Merged Group Securities on issue and the net asset value (NAV) of the Merged Group. The take-up of the Cash Option may in turn be impacted by the performance of Aspen Group securities on the ASX prior to the APPF Election Date. Depending on the take-up of the Cash Option, the pro forma Merged Group NAV per security on the Implementation Date will be in the range of $1.18 to $1.20.

9.2.3 For APPF securityholders who elect to retain Merged Group Securities, the Merged Group Securities will be quoted on the ASX and subject to market movements

Merged Group Securities will be quoted on the ASX and subject to market movements and volatility in a way that APPF securities are not. These movements may or may not be referable to the underlying performance of the Merged Group.

9.2.4 APPF securityholders electing the Cash Option

For those APPF securityholders who elect the Cash Option, there is no guarantee that they will have all of their Merged Group Securities bought-back. Furthermore, to the extent they are scaled back and participate in the Sale Facility, there is a risk that APPF securityholders may receive a lower price under the Sale Facility than under the Cash Option.

9.2.5 Court delays

There is a risk that the Court may not approve the Merger. There is also a risk that some or all of the aspects of the court approvals required for the Merger to be implemented may be delayed or not be granted.

9.2.6 Tax consequences

If the Merger proceeds, there may be tax consequences for Securityholders. Securityholders should seek their own professional advice regarding individual tax consequences of the Merger. Further general information on the tax consequences of the Merger is set out in the Taxation Report in Annexure C to this Explanatory Memorandum.

9.2.7 Trading during deferred settlement trading period

Securityholders may not know the exact number of Merged Group Securities that they will retain as Merger Consideration until a number of days after those securities can be traded on the ASX on a deferred settlement basis. Securityholders who trade Merged Group Securities on a deferred settlement basis without knowing the number of Merged Group Securities they will retain may risk adverse financial consequences if they purport to sell more Merged Group Securities than they retain.

9.3 Specific risks associated with an investment in the Merged Group

9.3.1 Occupancy and rental rate levels

Occupancy and rental rate levels can have a direct impact on the Merged Group Properties' net income, which in turn may impact returns to Merged Group securityholders.

Tourism income is variable and occupancy and rental rate levels are dependent upon various market conditions and other risks outlined in this Section 9.

Occupancy and rental rate levels can be dependent on market conditions. The downturn of construction in the resources sector since 2013 has resulted in lower occupancy and rental rate levels in Merged Group Properties servicing that sector.

9.3.2 Competition

Competing parks, other tourist accommodation or alternative permanent accommodation may be established in close proximity to existing Merged Group Properties, or properties to be acquired. This may have a negative impact on occupancy and rental rate levels at Merged Group Properties which reduces revenue and could adversely impact returns to Merged Group securityholders.

9.3.3 Property valuation risk

The value of the Merged Group Properties may fluctuate from time to time due to market and other conditions. Factors relevant to determining value include supply, demand and the state of the general property market, and these may change significantly over time for a variety of reasons. This includes both negative impacts (such as declines in occupancy and rental rates), as well as positive impacts (such as obtaining development approvals on excess land, or improvements in occupancy or renta rates).

External valuations and directors' valuations represent only the analysis and opinion of such persons at a certain date and they are not guarantees of present or future values.

Changes in the value of the Merged Group Properties could adversely or positively impact returns to Merged Group securityholders.

9.3.4 Tenancy risk

There is a risk that tenants with medium or long term leases may be unable or unwilling to honour their lease obligations. This may result in a reduction in Merged Group income and increased costs associated with recovering outstanding amounts and re-letting the tenancy, each of which could reduce returns to Merged Group securityholders.

In addition, there is a risk that tenants may not renew leases that currently exist, and which the Merged Group assumes may be renewed.

Within the Merged Group portfolio, there are two tenants that contributed $13.4 million of revenue during FY15 (or 26% of the portfolio) with leases of greater than 12 months. In addition, there is one tenant that contributes $1.2 million of revenue (or 2% of the portfolio) with a lease of less than 12 months and which the Merged Group assumes within the FY16 earnings forecast will be successfully renewed.

9.3.5 Property expenses

Increases in property expenses and the cost of managing Merged Group Properties may impact negatively on the profitability of Merged Group Properties and could reduce returns to Merged Group securityholders.

9.3.6 Capital expenditure

There is a risk that capital expenditure could exceed expectations, resulting in increased funding requirements and potentially a lower NAV, or have reduced performance against the Merged Group's forecast earnings, which could reduce returns to Merged Group securityholders.

9.3.7 Purchasing additional properties

The Merged Group expects to acquire additional properties over time; however, there is no guarantee additional properties can be acquired nor that they will produce the same return on investment as the portfolio of Merged Group Properties. Acquisitions of additional properties maybe require the raising of new capital. If additional properties are acquired and they do not produce the same or a higher return on investment as Merged Group Properties, this could reduce returns to Merged Group securityholders.

Further, whilst it will be the Merged Group's policy to conduct thorough due diligence in relation to any property acquisition, there are inherent risks in such an acquisition. These risks could include lower than expected yields, unexpected problems or other latent liabilities.

9.3.8 Exposure to resources sector

Five of the 26 Merged Group Properties predominantly accommodate personnel employed in the resources sector. Four of these properties are located in the north west of Western Australia, with the fifth located in South Australia.

These properties have been subject to material declines in operating profit and valuation over recent years. Factors that have contributed to the reduced activity in the resources sector, and which have subsequently reduced demand and rates paid for these properties, include reduction in capital expenditure in the resources sector, falling commodity prices, a reduction in resources demand from Australia's main trading partners, the costs of new project development and competing projects in other parts of the world.

The directors of Aspen Group and APPF consider it likely that occupancy levels and room rates for these properties will remain lower than in previous years, for an indeterminate period of time.

A further reduction in the level of economic activity associated with resources projects in the north west of Western Australia may have an impact on occupancy levels and/or room rates in these properties, which could reduce returns to Merged Group securityholders.

One of these properties, being Aspen Karratha Village, has an extended contract with a key tenant with a lease until January 2018 on 83% of the rooms within the property. This property has been independently revalued, reflecting this new contract.

9.3.9 Limited alternative use

Should the Merged Group Properties become unviable to operate as accommodation parks, the land and facilities may not have alternative uses that could derive the same level of income. This may affect the value of the Merged Group Properties and could reduce returns to Merged Group securityholders.

9.3.10 Leasehold interests

Section 7 provides an overview of the individual Merged Group Properties, including whether each property is held on freehold title or leasehold title.

The Merged Group does not own the freehold title to the Merged Group Properties marked "Leasehold", and only owns freehold title to part of the Merged Group Properties marked "Freehold/Leasehold."

Leasehold properties are leased by the Merged Group from the freehold owner of the land. There are risks inherent with leasehold property including:

- Leasehold interests might be terminated on default by the Merged Group;
- the land owner may not renew the Merged Group's lease at the expiry of the lease term;
- the land owner may offer to renew the Merged Group's lease at the expiry of the lease term, but on less favourable terms;
- terms offered by the land owner for a new lease may be so unattractive as to render the lease uncommercial for the Merged Group; and
- less favourable lease terms may prevent a bank from lending money secured by the leasehold property, causing the LVR to increase.

These events may result in a reduction in value of or loss of the Merged Group's investment in the leasehold property which could reduce returns to Merged Group securityholders.

On the other hand, the Merged Group may be successful in renewing or extending leases on Leasehold properties, which could see improvements in the value of these Leasehold properties, which could increase returns to Merged Group securityholders.

Finally, leasehold properties are generally worth less than if the same property were freehold.

9.3.11 Property illiquidity risks

Property assets are by their nature illiquid investments. Therefore, it may not be possible for the Merged Group to dispose of one or more Merged Group Properties in a timely manner should it decide or need to do so, and the Merged Group may incur selling costs in disposing of Merged Group Properties. In addition, to the extent that there may only be a limited number of potential buyers for one or more Merged Group Properties, the realisable value of those properties may be less than their book value.

9.3.12 Environmental risk

As an owner of real property, the Merged Group will be subject to various laws and regulations regarding environmental matters. These laws vary by jurisdiction and are subject to change. Current and future environmental laws could impose significant costs or liabilities on the Merged Group. For instance, under certain environmental laws, current or former owners or operators of real property may become liable for costs and damages resulting from soil or water contaminated by hazardous substances (for example, as a result of leaking underground storage tanks). Under these laws an owner or operator may be liable regardless of whether they knew of, or were responsible for, the presence of such substances. These laws may result in significant unforeseen costs to the Merged Group, reduce the value of affected properties, potentially impact earnings and distributions, and impair its ability to sell or rent real property or to borrow money using contaminated property as collateral, on acceptable terms or at all.

The Merged Group may be required to comply from time to time with environmental management issues that arise from factors beyond its control.

9.3.13 Interest rates

If interest rates rise, the Merged Group would be exposed to higher interest costs on borrowings. Higher borrowing costs could reduce returns to Merged Group securityholders.

APPF and Aspen Group currently mitigate this risk by hedging drawn borrowings to fix the interest rate, and it is the Merged Group's intention to adopt the same hedging policy.

9.3.14 Borrowing risk

Loan facilities are obtained for fixed periods of time. On expiry of any loan facility a new facility may not be available or the terms of that facility may not be the same. The Merged Group is currently negotiating a combination of the existing facilities. If the new facilities are not made available to the Merged Group for whatever reason, the existing facilities will remain in place until maturity.

If the existing facilities cannot be refinanced at maturity, Merged Group Properties may need to be sold to meet the Merged Group's debt repayment obligation, and there is a risk that the sale prices may be less than the book value of the Merged Group Properties. This could reduce returns to Merged Group securityholders.

For further details on the Merged Group's borrowing facilities, see Section 6.5.

9.3.15 Limitations on the ability of the Merged Group to raise further capital

The ability of the Merged Group to raise capital on favourable terms for future refinancing and capital expenditure depends on a number of factors including general economic and political conditions, the state and volatility of capital markets, and the reputation, performance and financial strength of the Merged Group. Limitations on the ability of the Merged Group to raise capital could reduce returns to Merged Group securityholders.

9.3.16 Covenant breach

The Merged Group's loan facilities contain covenants, including financial covenants such as LVR and Interest Cover. Should any of these covenants be breached and not remedied, the Merged Group would be in default on such loan facilities. This may require the Merged Group to renegotiate its loan facilities, which could result in increased borrowing costs and could reduce returns to Merged Group securityholders.

A failure to renegotiate the loan facilities could result in the need to sell assets and could also reduce returns to Merged Group securityholders.

9.3.17 Changes in tax laws

A change to the taxation laws reducing the deductibility of depreciation for assets may reduce the tax benefits available to Merged Group securityholders. In addition, any other changes in tax laws, or changes in the way tax laws are interpreted in the various jurisdictions in which the Merged Group will operate, may have a detrimental effect on Merged Group securityholders' tax position. It is recommended that each Securityholder seeks their own taxation advice in relation to any investment in the Merged Group.

9.3.18 Counterparty risk

A counterparty may fail to meet its contractual obligations, resulting in financial loss to the Merged Group and impacting on the Merged Group's business relationships and operations. The Merged Group can provide no guarantee that its counterparties (including for example, corporate customers or contractors) will fulfil their obligations.

This risk includes counterparty credit risk. This risk will arise for the Merged Group from cash and cash equivalents, derivatives and receivables. Receivables consist of rental income and non-rental income such as electricity recharges.

The Merged Group assesses the credit quality of the counterparty taking into account the materiality of the potential debtor, its financial position, past experience with the counterparty, and other available credit risk information.

There can be no assurance that the Merged Group will be able to successfully manage this risk or that such payment defaults by counterparties will not adversely affect the Merged Group's financial condition or performance, which could reduce returns to Merged Group securityholders.

9.3.19 Retention of key personnel

The Merged Group will be dependent upon a number of key management and executive personnel to manage the day-to-day requirements of the business. The loss of the services of one or more key personnel could have an adverse effect on the Merged Group.

The Merged Group's ability to manage the Merged Group Properties will depend in part on the efforts of these individuals. The Merged Group will face competition for qualified personnel, and there can be no assurance that it will be able to retain and attract such personnel.

In order to mitigate this risk, retention plans may, from time to time, be put in place to assist in the retention and recruitment of key personnel needed to achieve the Merged Group's business objectives. Whilst Aspen Group put in place a retention plan in 2012 as part of retaining key management and executive personnel during its transition into becoming a pure play accommodation provider, with all liabilities associated with these plans recognised at 30 June 2015, the Merged Group does not have any plans at this time to put in place any new retention plans.

9.4 General risks associated with an investment in the Merged Group

9.4.1 Market conditions

A number of factors outside the Merged Group's control may have a significant impact on the Merged Group, its performance and returns to Merged Group securityholders. These factors include economic conditions in Australia and internationally, changes in exchange rates, changes in fiscal, monetary and regulatory policies such as inflation, taxation and interest rates, attitudes to property as an investment class and general market conditions. Securityholders should recognise that the financial performance of the Merged Group could be adversely affected by any of the above factors, or any other factors not so noted, which in turn could reduce returns to Merged Group securityholders.

9.4.2 Natural phenomena

There is a risk that natural phenomena (such as a cyclone, flood, earthquake, fire or other natural disaster) may damage or destroy a Merged Group Property. While the Merged Group insures its properties against such risks, insurance coverage may prove to be insufficient and there are certain events for which insurance cover is not available or for which the Merged Group does not have cover.

9.4.3 Acts of war or terrorism

Acts of war or terrorism may have a significant impact on travel and as such may have a negative impact on tourism (although a negative impact on Australian outbound tourism may increase the level of domestic tourism by Australians). Any negative impact on tourism generally may have a negative impact on short stay revenues at Merged Group Properties. This would result in a reduction in income and could reduce returns to Merged Group securityholders.

9.4.4 Changes in government policy and changes to general laws

Changes in government policy or changes to general laws in Australia may affect the Merged Group's business operations and its financial position and performance (for example, by reducing its income or increasing its costs), and could reduce returns to Merged Group securityholders. The possible impact of such changes on the Merged Group's business cannot be predicted with any certainty.

9.4.5 Changes in financial reporting requirements and accounting standards

The Merged Group will be subject to the risk that there may be changes in financial reporting requirements and accounting standards as well as changes in the interpretation of such requirements and standards that may change the basis that the Merged Group is required to use to prepare its financial statements, which may adversely affect the Merged Group's reported earnings and reported financial performance.

9.4.6 Litigation and disputes

Through the ordinary course of business, the Merged Group may be exposed to potential legal and other claims or disputes. Such claims or disputes could cause reputational and financial harm to the Merged Group, which could reduce returns to Merged Group securityholders.

APPF has received complaints from certain APPF securityholders following the reduction in NAV caused by the write-downs in the value of the APPF Properties as reflected in the full-year accounts dated 30 June 2015.

Neither APPF nor Aspen Group is presently engaged in any material litigation.

9.4.7 Operation and regulator risks

AFML is required to operate APPT and APT in accordance with the Corporations Act and the conditions of its AFSL. If AFML fails to comply with these requirements it may be forced to retire as responsible entity of APPT and APT, which may cause disruption to the operation of the Merged Group. Merged Group securityholders may pass a resolution requiring the responsible entity to retire, in which case a replacement responsible entity for APPT and APT would need to be appointed.

10. Merger Implementation

10.1 Overview

The Merger will combine APPF and Aspen Group to create the Merged Group, through Stapling APPF securities to Aspen Group securities to form Merged Group Securities. The Merger also provides APPF securityholders with the Cash Option to receive cash as Merger Consideration rather than retain their Merged Group Securities.

10.2 Merger Implementation Deed

On 14 September 2015, APPF and Aspen Group announced that AGL, APPML and AFML (in its capacity as responsible entity of APT and APPT) had entered into a Merger Implementation Deed to merge APPF and Aspen Group, subject to certain conditions precedent. The parties amended the Merger Implementation Deed on 21 October 2015.

The implementation of the Merger is subject to a number of conditions precedent which are summarised in Section 2.8. The Merger will not proceed unless all of these conditions precedent are satisfied or waived (if applicable) in accordance with the Merger Implementation Deed. Under the Merger Implementation Deed, the parties to that document have agreed to use their best endeavours to satisfy, or procure the satisfaction of, the conditions precedent.

A summary of the Merger Implementation Deed is set out in Section 10.11.

10.3 Deed Poll

10.3.1 AGL Deed Poll

AGL has executed the AGL Deed Poll, pursuant to which AGL has agreed to perform its obligations under the APT Trust Scheme, the APPML Scheme and the APPT Trust Scheme.

A copy of the AGL Deed Poll is attached in Annexure F(1) to this Explanatory Memorandum.

10.3.2 APT RE Deed Poll

AFML (in its capacity as responsible entity of APT) has executed the APT RE Deed Poll, pursuant to which AFML as responsible entity of APT has agreed to perform its obligations under the AGL Scheme, the APPML Scheme and APPT Trust Scheme.

A copy of the APT RE Deed Poll is attached in Annexure F(2) to this Explanatory Memorandum.

10.3.3 APPML Deed Poll

APPML has executed the APPML Deed Poll pursuant to which APPML has agreed to perform its obligations under the AGL Scheme, the APT Trust Scheme and the APPT Trust Scheme.

A copy of the APPML Deed Poll is attached in Annexure F(3) to this Explanatory Memorandum.

10.3.4 APPT RE Deed Poll

AFML (in its capacity as responsible entity of APPT) has executed the APPT RE Deed Poll pursuant to which AFML as responsible entity of APPT has agreed to perform its obligations under the AGL Scheme, the APT Trust Scheme and the APPML Scheme.

A copy of the APPT RE Deed Poll is attached as Annexure F(4) to this Explanatory Memorandum.

10.4 Entitlement to vote on the Merger

Subject to any applicable voting restrictions each Aspen Group securityholder and each APPF securityholder on the Voting Record Date, is entitled to vote on the Merger.

There will be two separate meetings to approve the APPML Schemes. All APPF securityholders on the Voting Record Date other than Aspen Group entities holding APPF securities are eligible to attend the APPML Scheme Meeting. However, only Aspen Group entities holding APPF securities on the Voting Record Date are entitled to attend the APPML (Aspen Group Entities) Scheme Meeting. The Scheme Resolution to approve the APPML Scheme must be passed at each of these two meetings for the APPML Scheme to be approved by APPF securityholders.

None of a responsible entity or its associates may vote on a resolution of a registered managed investment scheme (such as APPT) if any of them have an interest in the resolution other than as a member. Accordingly, none of the Aspen Group entities holding APPF securities will vote on any resolution of APPT at the APPT General Meeting.

10.5 Entitlement to Merger Consideration

10.5.1 Record Date

Excluding Aspen Group, each Securityholder on the Record Date (expected to be 7.00pm (Sydney time) on 10 December 2015), will be entitled to the Merger Consideration, regardless of whether they vote in favour of or against the Merger, or do not vote at all.

Ineligible Foreign Securityholders, who are not entitled to participate in the Merger, will have the Merged Group Securities to which they would otherwise be entitled sold in the Sale Facility, with the sale proceeds remitted in cash.

The Merger Consideration to which APPF securityholders and Aspen Group securityholders are entitled is set out in detail in Section 2.5.

10.5.2 Dealings in Aspen Group securities and APPF securities

For the purpose of establishing who is an Aspen Group securityholder or an APPF securityholder on the Record Date, dealings in Aspen Group securities on or before the close of business on the Effective Date will be recognised provided that:

a. in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Aspen Group Register as holder of the Aspen Group securities by the Record Date; and

b. in all other cases, if registrable transmission applications or transfers in respect of those dealings are received on or before 5.00pm (Sydney time) on the Effective Date at the place where the Aspen Parks Register is kept.

10.5.3 Fractional entitlements to Merged Group Securities

Where the calculation of the number of Merged Group Securities issued as Merger Consideration would result in an APPF securityholder holding a fraction of a Merged Group Security the fractional entitlement will be rounded up to the nearest whole number of Merged Group Securities.

Where the calculation of the number of Merged Group Securities issued as Merger Consideration would result in an Aspen Group securityholder not holding the same number of Merged Group Securities as the number of Aspen Group securities held, the number of Merged Group Securities of that Aspen Group securityholder will be adjusted to result in that Aspen Group securityholder holding that same number of Merged Group Securities.

10.5.4 APPF security splitting

If APPF or Aspen Group is of the opinion that several APPF securityholders have, before the Record Date, been party to a securityholder splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of the conversion of the APPF securities under the Merger, APPF may give notice to those APPF securityholders:

a. setting out the names and registered addresses of all of them;

b. stating that opinion; and

c. attributing to one of them specifically identified in the notice the APPF securities held by all of them,

and, after the notice has been so given, the APPF securityholders specifically identified in the notice must, for the purposes of implementation of the Merger, be taken to hold all those APPF securities and each of the other APPF securityholders whose names are set out in the notice must, for the purposes of implementation of the Merger, be taken to hold no APPF securities.

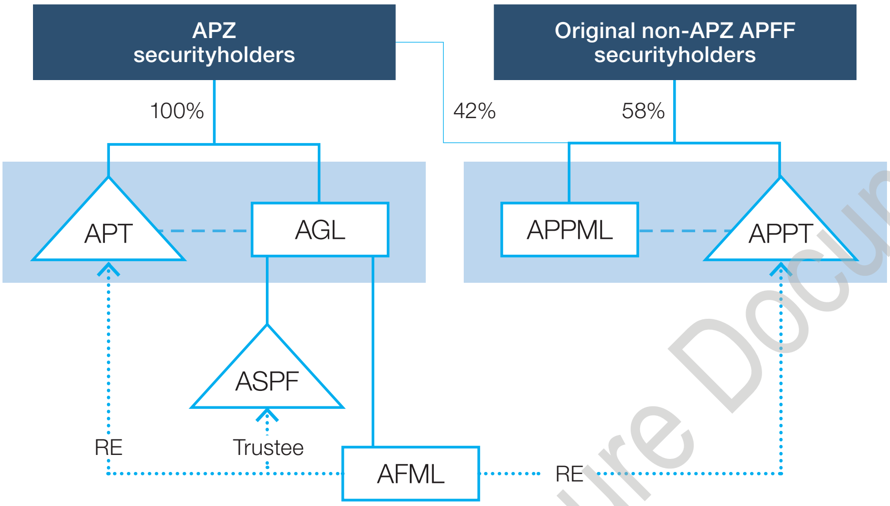
10.6 Implementation of the Merger

10.6.1 Overview of Merger process

Each of the stages to implement the Merger are described in detail as follows:

1. **Preliminary Stage:** Stage 1 of the Merger involves the following elements:
   a. all of the entities to comprise the Merged Group are listed on the ASX and all of their respective securities are quoted on a deferred settlement basis; and
   b. all of the Aspen Group securities and APPF securities of Ineligible Foreign Securityholders are transferred to a Sale Nominee to be sold in the Sale Facility.
2. **Aspen Group capital rebalancing:** Immediately following Stage 1 of the Merger, AFML, as responsible entity of APT, will undertake a distribution of capital from APT which will be compulsoril120y applied by AFML as agent for the APT unitholders as an additional capital payment in respect of their AGL shares. The aggregate amount of the capital distributions and contributions will be $70 million resulting in AGL's capital increasing, and APT's capital decreasing, by that amount.
3. **AGL in-specie distribution of APPF securities:** Stage 3 of the Merger involves an in-specie distribution by AGL of its interest (both direct and indirect) in APPF to AGL shareholders pro rata to their AGL shareholding, to be implemented by:
   a. AGL distributing its approximately 37.40% interest in APPF to AGL members;
   b. AGL procuring:
      (i) AFML to distribute its approximately 3.31% interest in APPF to AGL members; and
      (ii) AFML (in its capacity as trustee of Aspen Select Property Fund, of which AGL owns 100% of the units) to distribute its approximately 1.31% interest in APPF to AGL members.

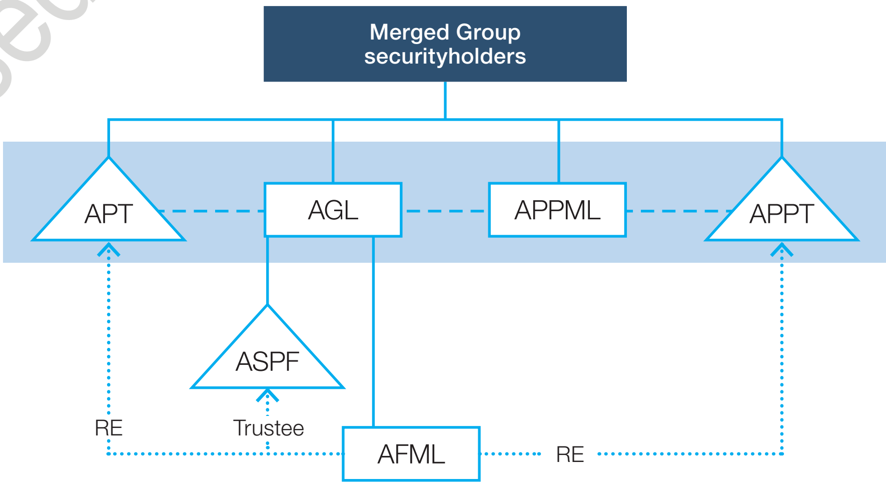
The proposed structure following implementation of stage 3 of the Merger is set out in simplified form below.



Note: all ownership interests 100%

4. **Capital return:** Stage 4 of the Merger involves the following elements:
   a. AGL makes a capital return to AGL shareholders to be implemented by way of an equal capital reduction and APT makes a capital return to its APT unitholders; and
   b. APPML makes a capital return to APPML shareholders to be implemented by way of an equal capital reduction and APPT makes a capital return to APPT unitholders.
5. **Merger:** Stage 5 of the Merger involves the following elements:
   a. Aspen Group securityholders applying the capital returns described in stage 4 to subscribe for APPML shares and APPT units at a market price;
   b. APPF securityholders (including Aspen Group securityholders now holding APPF securities following stage 3) applying the capital return described in stage 4 to subscribe for AGL shares and APT units at a market price;
   c. the number of AGL shares, APPML shares, APT units and APPT units on issue are consolidated in accordance with the agreed merger ratios so that there is an equal number of each on issue; and
   d. all AGL shares, APT units, APPML shares and APT units being stapled to create a four-way stapled group.

The proposed structure following implementation of stage 5 of the Merger is set out in simplified form below.



Note: all ownership interests 100%

6. **Buy-back:** Stage 6 of the Merger involves the buy-back of Merged Group Securities (comprising a selective buy-back of AGL and APPML shares and redemption of APT and APPT units) from those participating APPF securityholders who have elected to have their Merged Group Securities bought back, subject to a cap and pro rata scale back. Further, APPF securityholders who are subject to any pro rata scale back may elect to participate in a separate Sale Facility.
7. **Sale facility:** The Merged Group Securities of Ineligible Foreign Securityholders and APPF securityholders who have elected to participate in the separate Sale Facility (arising if the cap is reached under the buy-back in Stage 6) would be sold by the Sale Nominee in the same manner (either by way of bookbuild or on-market) and as part of the same sales process. The Sale Nominee will remit the sale proceeds to the respective securityholders. For further detail on the Sale Facility, please refer to Section 10.10.

If the Merger proceeds, the last day for trading in Aspen Group securities on a pre-stapling basis is intended to be 7 December 2015. The last date for registration of transfers of APPF securities and Aspen Group securities prior to the Merger is intended to be 10 December 2015. The Merged Group Securities are intended to be jointly quoted on the ASX under the code APZ from 8 December 2015.

10.7 Worked examples of the Merger process

10.7.1 Example Merger process for Aspen Group securityholders

An Aspen Group securityholder holding 10,000 Aspen Group securities on the Record Date will, following Stages 1, 2 and 3 of the Proposal as described in Section 10.6:

- receive a distribution in specie of their pro-rata share of Aspen Group's APPF securities, being approximately 8,632 APPF securities from AGL and its controlled entities;
- receive a capital distribution from AFML, in its capacity as responsible entity of APT, of approximately $0.35 per APT unit, being $3,487 in aggregate;
- receive a capital distribution from AGL of approximately $0.107 per AGL share, being $1,073 in aggregate;
- in respect of the APPT units received under Stage 3, receive a capital distribution from AFML, in its capacity as responsible entity of APPT, of approximately $0.166 per APPT unit, being $1,432 in aggregate;
- receive a capital distribution from APPML of approximately $0.056 per APPML share, being $484 in aggregate;
- have the capital distributions received from AFML, as responsible entity of APT, and AGL compulsorily paid to:
    a. APPML as an application for approximately 17,275 new APPML shares at an issue price of $0.067 per APPML share; and
    b. AFML, as responsible entity of APPT, as an application for approximately 17,275 new APPT units at an issue price of $0.197 per APPT unit on behalf of the APT unitholder,

  and AFML, in its capacity as responsible entity of APPT, and APPML must accept those applications and register the name and address of the Aspen Group securityholder as the holder of an additional approximately 17,275 APPF securities;
- have the capital distributions received from AFML, as responsible entity of APPT, and APPML compulsorily paid to:
    a. AGL as an application for approximately 4,997 new AGL shares at an issue price of $0.09 per AGL share; and
    b. AFML, as responsible entity of APT, as an application for approximately 4,997 new APT units at an issue price of $0.293 per APPT unit on behalf of the APT unitholder,

  and AFML, in its capacity as responsible entity of APT, and AGL must accept those applications and register the name and address of the Aspen Group securityholder as the holder of an additional approximately 4,997 Aspen Group securities; and
- have their securities (which at this stage will amount to 14,997 Aspen Group securities and 25,907 APPF securities) consolidated in accordance with the agreed merger ratios so that they hold 10,000 AGL shares, 10,000 APT units, 10,000 APPML shares and 10,000 APPT units which will be stapled together to form 10,000 Merged Group Securities.

The numbers in this worked example are approximate and subject to rounding however irrespective of rounding, Aspen Group securityholders will hold the same number of Merged Group Securities after implementation as the number of Aspen Group securities that they hold immediately prior to implementation.

10.7.2 Example Merger process for APPF securityholders

An APPF securityholder holding 10,000 APPF securities on the Record Date will, following Stage 1, 2 and 3 of the Proposal as described in Section 10.6:

a. receive a capital distribution from AFML, in its capacity as responsible entity of APPT, of approximately $0.166 per APPT unit, being $1,659 in aggregate;
b. receive a capital distribution from APPML of approximately $0.056 per APPML share, being $560 in aggregate;
c. have the capital distributions received from AFML, as responsible entity of APPT, and APPML compulsorily paid to:
    a. AGL as an application for approximately 5,789 new AGL shares at an issue price of $0.09 per AGL share;
    b. AFML, as responsible entity of APT, as an application for approximately 5,789 new APT units at an issue price of $0.293 per APPT unit on behalf of the APT unitholder,

and AFML, in its capacity as responsible entity of APT, and AGL must accept those applications and register the name and address of the Aspen Group securityholder as the holder of the approximately 5,789 Aspen Group securities; and

d. the APPF securityholder (who at this stage will hold approximately 5,789 Aspen Group securities and 10,000 APPF securities will have those securities consolidated in accordance with the agreed merger ratios so that they hold 3,860 AGL shares, 3,860 APT units, 3,860 APPML shares and 3,860 APPT units which will be stapled together to form 3,860 Merged Group Securities.

10.8 Stapling

Stapling will be achieved by amendments to the constitutions of the Merger Entities and through the Stapling Deed, a summary of which is provided in Section 12.1.3

The Stapling Deed will take effect after the registers of the Merger Entities are updated to reflect the consolidation of Aspen Group securities and APPF securities and, by operation of the Stapling Deed together with the constitutions of the Merger Entities, each APPF security will become stapled to one Aspen Group security to form one Merged Group Security.

The stapling provisions in the constitutions of the Merger Entities are described in Section 12 and in summary require that:

- a transfer of shares or units in any of the Merger Entities can only be completed if it is accompanied by a transfer of an equal number of shares or units in each of the other Merger Entities; and
- any issue, repurchase or redemption of shares or units by one Merger Entity must be matched by an issue, repurchase or redemption of an equal number of units or shares in each of the other Merger Entities.

After the Merger, the Merger Entities will have identical investors with identical proportionate interests in each Merger Entity and the same directors and management team and the Merged Group Securities will trade jointly on the ASX and will not be able to be traded or dealt with separately. Therefore, the amended constitutions and the Stapling Deed also require the Merger Entities to co-operate with each other in conducting their affairs. Specifically, Merged Group securityholders will receive combined annual and other reports and one distribution and/or dividend payment each six month period.

However, for legal and Australian tax purposes APPML shares, AGL shares, APPT units and APT units will remain separate assets. The Taxation Report in Annexure C sets out details of the taxation consequences of holding and selling Merged Group Securities.

10.9 Terms of Merged Group Securities

The shares and units issued will be ordinary shares and units listed on the ASX, with distributions payable as determined by the relevant boards in accordance with the constitution of each Merger Entity. Voting rights are in accordance with the constitutions of the Merger Entities and the Corporations Act (comprising one vote per share and voting according to proportionate values for units on a poll, consistent with the requirements of the Corporations Act). The relevant constitutions also set out requirements as to issue price and allocation of the issue price among the Merger Entities, with issues, transfers and redemptions/buy-backs to be managed across the stapled entities in accordance with the stapling provisions outlined above. Shares and units will be listed on the ASX and subject to the requirements of the Listing Rules.

10.10 Sale Facility

10.10.1 Overview

APPF and Aspen Group have established the Sale Facility to sell Merged Group Securities in two circumstances:

- for APPF securityholders who prefer to receive Merger Consideration in cash rather than retain their Merged Group Securities in the event that the Cash Option is oversubscribed such that the $35 million cap on the buy-back is reached, and the APPF securityholder has elected to sell the balance of their Merged Group Securities under the Sale Facility; and
- for the sale of Merged Group Securities to which Ineligible Foreign Securityholders would otherwise be entitled, enabling sale proceeds to be remitted to them in cash.

Aspen Group securityholders are not eligible to participate in the Sale Facility, other than Aspen Group Ineligible Foreign Securityholders.

There is no cost to Securityholders to participate in the Sale Facility.

Sale Facility Securities will be transferred to the Sale Nominee, who will sell these securities by way of a bookbuild or in the ordinary course of trading on the ASX, with sale proceeds remitted to the Sale Facility Participants in cash.

10.10.2 Key terms of the Sale Facility

A summary of the key terms of the Sale Facility is set out below:

a. Participation of APPF securityholders (other than Ineligible Foreign Securityholders)

APPF securityholders (other than Ineligible Foreign Securityholders) will only participate in the Sale Facility if they elect to participate in the Cash Option and they further elect that in the event that the Cash Option is oversubscribed such that the $35 million cap on the buy-back is reached, they wish to have the Merged Group Securities to which they become entitled under the scale back sold in the Sale Facility.

APPF securityholders can make this election by validly completing and submitting the APPF Election Form so as to be received by APPF by 5.00pm, 25 November 2015. An individual APPF Election Form has been sent to APPF securityholders with this Explanatory Memorandum, and must be completed in accordance with the instructions on the APPF Election Form in order to be valid. Any dispute concerning whether an election to participate in the Sale Facility is valid will be determined by the APPF RE whose determination is final and determinative of the dispute.

b. Participation of Ineligible Foreign Securityholders

Ineligible Foreign Securityholders (whether APPF securityholders or Aspen Group securityholders) will automatically participate in the Sale Facility in respect of Merged Group Securities to which they would otherwise be entitled, with the sale proceeds remitted in cash.

c. What Sale Facility Participants receive

Sale Facility Participants will receive the Sale Facility Price, and no brokerage costs or other selling expenses will be charged to Sale Facility Participants.

The Sale Facility Price:

- is the average sale price achieved by the Sale Nominee in selling the Sale Facility Securities, calculated by dividing the gross sale proceeds from the sale of Sale Facility Securities by the number of Sale Facility Securities; and
- is uncertain due to a number of factors, including uncertainty surrounding market conditions before, on and after the Effective Date and uncertainty in relation to the demand for Merged Group Securities.

The amount that will be paid to Sale Facility Participants for each Merged Group Security may be more or less than the market price of Aspen Group securities up to and including the Effective Date, and may be more or less than the market price of Merged Group Securities after the Effective Date, and might be more or less than the consideration under the Cash Option of $1.34715 per Merged Group Security (equivalent to $0.52 per APPF security).

The market prices for Aspen Group securities prior to the Merger and Merged Group Securities after the Merger may change from time to time. On 16 October 2015, the closing price of Aspen Group securities was $1.40, which is equivalent to $0.54 per APPF security implied under the Merger Ratio. Further information on Aspen Group security prices can be found in Section 5.1.4 and on the ASX website at www.asx.com.au.

All Sale Facility Participants will receive the same cash amount for each Merged Group Security. The cash amount per Merged Group Security will be multiplied by the number of Merged Group Securities to which a Sale Facility Participant would otherwise be entitled and rounded to the nearest cent to determine the total cash proceeds payable to that Sale Facility Participant.

d. Date for despatch of Sale Facility payments

Payments to Sale Facility Participants under the Sale Facility are expected to be dispatched no later than 20 Business Days after the Implementation Date.

e. Not investment advice

For APPF securityholders (other than Ineligible Foreign Securityholders), the APPF Board does not make any recommendation or give any advice as to whether you should make an election that may result in participation in the Sale Facility. Your decision whether or not to make such an election should only be made after consultation with your financial, investment, taxation or other professional adviser, based on your particular investment objectives, financial situation, tax position and individual needs. In particular, tax considerations may be important.

Some general comments on the Australian tax consequences of the Sale Facility are set out in the Taxation Report at Annexure C, however you should obtain tax advice from your own independent professional tax adviser.

f. More information

If any additional information is made available about the Sale Facility, that information will be made available on www.aspenfunds.com.au/funds and www.aspengroup.com.au. You may request a copy of that information by calling the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8:30am and 5:30pm (Sydney time) and it will be provided to you free of charge.

10.10.3 How the Sale Facility works for APPF securityholders (other than Ineligible Foreign Securityholders)

APPF securityholders (other than Ineligible Foreign Securityholders) who elect to receive cash as Merger Consideration under the Cash Option may further elect that in the event that the Cash Option is oversubscribed, the Merged Group Securities to which they become entitled under any scale back will be sold in the Sale Facility. In this event, the Sale Facility will operate as follows:

- The aggregate number of Merged Group Securities which are subject to the scale back and in respect of which the APPF securityholder has elected to receive cash will be transferred to the Sale Nominee;
- The Sale Nominee will become the holder of Merged Group Securities on the Implementation Date;
- The Sale Nominee will sell the Merged Group Securities within 10 Business Days after the Implementation Date;
- All Merged Group Securities to be sold by the Sale Nominee in the Sale Facility will be sold:
  - (i) to institutional investors and/or professional investors under a book build process determined in consultation with APPF and Aspen Group; or
  - (ii) if the Sale Nominee reasonably determines that sales in the ordinary course of trading on the ASX is a preferable way, then in the ordinary course of trading on the ASX.
- The Sale Nominee will seek to achieve the best price for the Merged Group Securities that is reasonably obtainable at that time bearing in mind a number of factors, including the prevailing market conditions and the prevailing market for Merged Group Securities;
- The prices at which Merged Group Securities are sold through the Sale Facility may be adversely affected by the requirement that the sales be conducted within 10 Business Days of the Implementation Date;

- The Sale Nominee will pay the Sale Facility proceeds to the Registry within 15 Business Days after the Implementation Date. The Registry will then pay to each Sale Facility Participant within 5 business days after receipt of funds an amount equal to the number of Merged Group Securities of that Sale Facility Participant sold under the Sale Facility multiplied by the Sale Facility Price; and
- The Registry will despatch payment to the bank account to which distributions to that securityholder are paid by Aspen Group or APPF as relevant.

10.10.4 How the Sale Facility works for Ineligible Foreign Securityholders

An Ineligible Foreign Securityholder is a Securityholder on the Record Date whose address on the relevant securityholder register is outside Australia or New Zealand (other than such a securityholder who Aspen Group or APPF has determined not to be an Ineligible Foreign Securityholder).

Due to legal restrictions in foreign jurisdictions, the cost of compliance in foreign jurisdictions, and the small number of Securityholders in foreign jurisdictions, the Merger is not being offered to Ineligible Foreign Securityholders.

The Sale Facility operates in a similar way for Ineligible Foreign Securityholders as described in Section 10.10.3 except that the Aspen Group securities or APPF securities of the Ineligible Foreign Securityholder will be transferred to the Sale Nominee prior to the implementation of the Merger. Payment will be made by cheque or bank account in the same manner as distributions are provided to that Ineligible Foreign Securityholder by APPF or Aspen Group.

10.10.5 Warranty by Ineligible Foreign Securityholders and APPML shareholders who have validly elected the Cash Option

Each Scheme provides that each Ineligible Foreign Securityholder (and, in the case of the APPML Scheme, each APPML shareholder as at the Record Date who has submitted a valid APPF Election Form in respect of the Cash Option) is deemed to have represented and warranted to AGL or APPML (as applicable) and the Sale Nominee that:

a. all of the Ineligible Foreign Securities (and, in the case of APPML shareholders who have validly elected the Cash Option, all of the Merged Group Securities), including any rights and entitlements attaching to those securities, which are transferred to the Sale Nominee will, at the time they are transferred to the Sale Nominee, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind (other than that they must be transferred together with any securities to which they are stapled), whether legal or otherwise and restrictions on transfer of any kind not referred to in the relevant Scheme; and

b. it has full power and capacity to sell or otherwise transfer its Ineligible Aspen Group Securities or Merged Group Securities (as applicable), including any rights and entitlements attaching to those securities, in accordance with the Merger.

Ineligible Foreign Securityholders and APPML shareholders who have validly elected the Cash Option should be aware that, to the extent that this warranty is untrue in respect of their Ineligible Foreign Securities or their Merged Group Securities (as applicable) and their Ineligible Foreign Securities or their Merged Group Securities are not transferred under the relevant Scheme free of third party interests, they may be liable to compensate AGL, APPML and the Sale Nominee for any damage caused to those parties resulting from such encumbrance.

10.11 Merger Implementation Deed

APPML, AGL and AFML (in its capacities as responsible entity of APPT and APT) entered into the Merger Implementation Deed on 14 September 2015 (and amended by the parties on 21 October 2015). The Merger Implementation Deed sets out the procedures to be followed to implement the Merger and other related matters.

In addition to those elements of the Merger described elsewhere in this Explanatory Memorandum, the Merger Implementation Deed deals with the matters summarised below:

a. (**agreement to implement the Merger**) The parties agree to use reasonable endeavours to give effect to the Merger (including using reasonable endeavours to ensure satisfaction of the conditions precedent) subject to their constitutions, the Merger Implementation Deed, and applicable laws.

b. (**Conditions precedent**) The implementation of the Proposal is subject to a number of conditions precedent. A summary of the conditions precedent and the status of each condition precedent at the date of this document is set out in Section 2.8

c. (**obligations**) The main obligation of each party under the Merger Implementation Deed is to carry out the transaction steps required to be performed by it to implement the Merger, including:
   - To apply for all regulatory approvals necessary to implement the Merger;
   - To apply for the admission of APPML and APPT to the official list of the ASX and the admission of all APPML shares and APPT units to quotation and trading on the ASX as a component of Merged Group Securities;
   - To prepare, lodge with ASIC and despatch to securityholders the disclosure documents (including this Explanatory Memorandum) required in connection with the Merger;
   - To use reasonable endeavours to apply for all third party consents required to give effect to the Merger;
   - (in the case of AGL and APPML) To apply to the Court pursuant to section 411(1) of the Corporations Act for an order convening the relevant Scheme Meeting;
   - (in the case of APT RE and APPT RE) To apply to the Court for confirmations that it would be justified in:

    (i) convening the relevant General Meeting for the purposes of considering the relevant Constitution Amendment Resolutions and the approval of the APT Trust Scheme and APPT Trust Scheme, as applicable; and
    (ii) (subject to the Constitution Amendment Resolutions being passed and the APT Trust Scheme and APPT Trust Scheme being approved) giving effect to the relevant constitution amendments and doing all things necessary to implement the Merger; and
- To convene the General Meetings (as applicable).

d. (**exclusivity**) The Merger Implementation Deed contains deal protection measures for both Aspen Group and APPF during an exclusivity period, including restrictions on each of Aspen Group and APPF:
   - from soliciting an approach in relation to a competing transaction; and
   - from discussing, negotiating or entering into a competing transaction, or providing a person with due diligence access, subject to the APPF Board's and Aspen Group Board's fiduciary and statutory obligations (as applicable).

e. (**termination rights**) A party may terminate the Merger Implementation Deed by notice in writing to the other parties if certain events occur prior to the Implementation Date. These events include:
   - if any of the Schemes or Trust Schemes has not become effective on or before 29 February 2016;
   - if any of the resolutions required to implement the Merger are not approved by the requisite majority;
   - if the Independent Expert opines that the Merger is not in the best interests of Aspen Group securityholders or APPF securityholders;
   - if there is a change in either the Aspen Group Board's or APPF Board's recommendation to vote in favour of the Merger;
   - AGL or APT RE may terminate the Merger Implementation Deed if a person (other than AGL or APT RE) acquires a relevant interest in more than 20% of APPF securities;
   - APPML or APPT RE may terminate the Merger Implementation Deed if a person acquires a relevant interest in more than 20% of Aspen Group securities; and
   - if there is an unremedied breach of the Merger Implementation Deed (including for a breach of a representation or warranty).

f. (**limitation of liability**) The liability of AFML (in its capacities as responsible entity of APT and APPT) arising under or in connection with the Merger Implementation Deed is limited to and can be enforced against AFML only to the extent to which it can be satisfied out of the assets of APT or APPT (as applicable) out of which AFML is actually indemnified for the liability, except where the liability arises as a result of AFML's fraud, negligence, wilful misconduct or breach of trust. This limitation of AFML's liability extends to all liabilities and obligations of AFML in any way connected with any representation, warranty, conduct, omission, deed or transaction related to Merger Implementation Deed.

The Merger Implementation Deed also deals with the recapitalisation proposal and requires that this be put to Aspen Group securityholders.

10.12 Stapling Deed

AFML as the responsible entity of APPT and APT will enter into the Stapling Deed which sets out the terms of the relationship between the parties in respect of the Merged Group Securities.

The parties must co-operate with each other in connection with all matters concerning the Merged Group Securities and provide reasonable assistance to each other in the performance of their obligations. Specifically, they must co-ordinate their statutory disclosures, adopt consistent accounting and valuation policies, maintain the same auditor, maintain a majority of common directors, have consistent investment and borrowing policies and agree on the timing and terms of new issues, bonus and rights issues, placements, redemption and buy-backs of Merged Group Securities.

While Stapling applies, the parties may, in exercising any power of discretion, have regard to the interests of holders of Merged Group Securities as a whole and not only to the interests of shareholders or unitholders (as the case may be) alone.

AGL shares, APT units, APPML shares and APPT units will be stapled to form Merged Group Securities. None of the parties may issue, sell, cancel, vary or transfer any shares or units (or rights to shares or units) unless corresponding shares or units or rights in the other members of the Merged Group are also issued, sold, cancelled or transferred at the same time.

While Stapling applies, each party may if called upon by the other party, procure that it and any of its controlled entities extend financial benefits to each other, including by way of lending money, giving guarantees or engaging in joint borrowing.

The parties are required to agree on what part of the amount payable for the issue, redemption or buy-back of (or option to subscribe for) a Merged Group Security is to represent and the price payable for the issue, redemption or buy-back (or option to subscribe) for each of the units and shares comprising the Merged Group Security. This is generally done on the basis of the relative fair values of the unit and share components of the Merged Group Security agreed between the parties prior to the issue, redemption, and buy-back or granting of the Merged Group Security or option.

11. Meeting Details

11.1 Meetings place, date and times

Each of the Scheme Meetings and General Meetings will be held on Wednesday, 2 December 2015 at the Gloucester Room, Quay West, 98 Gloucester Street, The Rocks NSW 2000.

The AGL Scheme Meeting will commence at 9.30am (Sydney time).

The APPML Scheme Meeting will commence at 11.00am (Sydney time).

The Aspen Group General Meeting will commence at 10.00am (Sydney time) (or as soon thereafter as the AGL Scheme Meeting has concluded).

The APPF General Meeting will commence at 11.30am (Sydney time) (or as soon thereafter as the APPML Scheme has concluded).

11.2 Resolutions

A number of securityholder and Court approvals are required to implement the Merger.

Aspen Group securityholder approval and APPF securityholder approval is required to:

(a) approve the scheme of arrangement of AGL and APPML, respectively (each a **Scheme Resolution**);

(b) reduce the capital of AGL and APPML, respectively (each a **Capital Reduction Resolution**);

(c) amend the constitutions of AGL, APT, APPML and APPT to ensure they are consistent, in preparation for stapling (each a **Constitution Amendment Resolution**);

(d) approve the Merger for all purposes (each a **Proposal Approval Resolution**);

(e) approve the giving of financial benefits by AGL and APPML, respectively, to related parties under the Stapling Deed (each a **Stapling Deed Resolution**);

(f) approve the consolidation of AGL shares and APPML shares and the rounding of any resulting fractions of a share in accordance with the terms of the AGL Scheme and APPML Scheme respectively (each a **Consolidation Resolution**);

(g) in respect of Aspen Group, approve the proposed transfer of $70 million of capital from APT to AGL (**Capital Rebalancing Resolutions**);

(h) in respect of APPML, approve the appointment of additional directors (**APPML Director Appointment Resolutions**); and

(i) in respect of Aspen Group, approve the buy-back of AGL shares as a component of Merged Group Stapled Securities under the Cash Option (**Buy-back Resolution**).

The purpose of the Scheme Meetings and the General Meetings is to obtain these approvals.

Each of the General Meetings Resolutions is conditional upon the each of the Schemes becoming Effective.

The Merger is conditional on each of the Scheme Meeting Resolutions and General Meeting Resolutions being approved, other than the APPML Director Appointment Resolutions. The Merger is not conditional on the APPML Director Appointment Resolutions being approved.

The Court approvals and Resolutions are set out in further detail below.

11.3 Approval of the Schemes

First Court Hearing

On 23 October 2015, the Court made the requisite orders that the Scheme Meetings in relation to the scheme of arrangement for each of AGL and APPML be convened and that the Disclosure Documents be despatched to Aspen Group securityholders and APPF securityholders. The orders made by the Court convening each Scheme Meeting do not constitute an endorsement of, or any other expression of opinion on, the Schemes or the Disclosure Documents.

Approvals required from Aspen Group securityholders and APPF securityholders and the Court

For the AGL Scheme and the APPML Scheme to take effect, section 411(4) of the Corporations Act requires a meeting of Aspen Group securityholders (in their capacity as AGL shareholders) and two separate meetings of APPF securityholders (in their capacity as APPML shareholders) to be held, respectively, at which the relevant Scheme must be approved by a resolution passed by a majority in number of Aspen Group securityholders or APPF securityholders (as relevant) present and voting (either in person or by proxy) at the relevant Scheme Meeting and representing in aggregate not less than 75% of the votes cast on the resolution at the relevant Scheme Meeting. The Scheme Resolution to approve the AGL Scheme is set out in the Notice of Scheme Meeting – Aspen Group Limited. The Scheme Resolution to approve the APPML Scheme is set out in the Notice of Scheme Meeting – Aspen Parks Property Management Ltd (Non Aspen Group entities) for the APPML Scheme Meeting of APPF securityholders other than Aspen Group entities and the Notice of Scheme Meeting – Aspen Parks Property Management Limited (Aspen Group entities) for the APPML Scheme Meeting of Aspen Group entities only. The results of each of the Scheme Meetings must then be provided to the Court, which will consider whether or not to approve each of the Schemes.

For the reasons set out in Section 4.14, each of the Aspen Group Directors recommends that you vote in favour of the Scheme Resolution in relation to the AGL Scheme (in the absence of a superior proposal) and for the reasons set out in Section 3, each of the APPF Directors recommends that you vote in favour of the Scheme Resolutions in relation to APPML Scheme (in the absence of a superior proposal).

Second Court Hearings

Each of AGL and APPML will apply to the Court for an order approving the scheme of arrangement of AGL and APPML, respectively, if the relevant Scheme is approved by the requisite majority of Aspen Group securityholders or APPF securityholders (as relevant) at the relevant Scheme Meetings. The Court has discretion as to whether to grant the orders approving the relevant Scheme, even if the relevant Scheme is approved by the requisite majority of Aspen Group securityholders or APPF securityholders (as relevant).

Each Aspen Group securityholder or APPF securityholder (as relevant) and, with the Court's permission, any other interested person has the right to appear at the relevant Second Court Hearing.

The Corporations Act and the Supreme Court (Corporations) Rules 1999 provide a procedure for Aspen Group securityholders or APPF securityholders (as relevant) to oppose the approval by the Court of the relevant Scheme. If you wish to oppose the approval of a Scheme at the relevant Second Court Hearing, you may do so by filing with the Court and serving on Aspen Group or APPF (as relevant) a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. With leave of the Court, you may also oppose the approval of a Scheme by appearing at the relevant Second Court Hearing and applying to raise any objections you may have at the hearing. Aspen Group or APPF (as relevant) should be notified in advance of an intention to object. The date for the Second Court Hearings in relation to the scheme of arrangement for each of AGL and APPML is currently scheduled to be 4 December 2015, though an earlier or later date may be sought. Any change to this date will be announced through the ASX and notified on Aspen Group or APPF's website, as relevant (at www.aspengroup.com.au or www.aspenfunds.com.au/funds).

ASIC has also been given the opportunity to comment on the Disclosure Documents in accordance with subsection 411(2) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with subsection 411(17)(b) of the Corporations Act, that it has no objections to each of the Schemes. If ASIC provides that statement in relation to each of the Schemes, it will be produced to the Court at the relevant Second Court Hearing.

What will happen under the Schemes?

If the Schemes are approved by Aspen Group securityholders and APPF securityholders (as relevant), and the Court at the relevant Second Court Hearing, each Scheme will become formally Effective when a copy of the Court order approving each of the Schemes is lodged with ASIC, or on such earlier date as the Court determines and specifies in the relevant order.

If the Schemes becomes Effective, then on the Implementation Date:

(a) each eligible Aspen Group securityholder (in their capacity as AGL shareholders) as at the Record Date will become a member of the Merged Group;

(b) each eligible APPF securityholder (in their capacity as APPML shareholders) as at the Record Date will become a member of the Merged Group; and

(c) each Ineligible Foreign Securityholder will be compulsorily divested of their Aspen Group or APPF securities (as relevant), which will participate in the Sale Facility.

Judicial advice

AFML (as responsible entity of each of APT and APPT) has applied to the Court for judicial advice and has received such advice confirming that:

(a) AFML would be justified in convening the General Meetings for the purposes of considering the General Meetings Resolutions relating to APT and APPT at the General Meetings to implement the Merger; and

(b) subject to approval of the General Meetings Resolutions at the General Meetings, AFML would be justified in proceeding on the basis that the proposed amendments to the APT and APPT constitutions would be within its powers as responsible entity of each of APT and APPT, including the powers of alteration conferred by those constitutions and section 601GC of the Corporations Act.

At the Second Court Hearings, AFML will seek judicial advice confirming that it would be justified in acting upon the General Meetings Resolutions relating to APT and APPT passed at the General Meetings.

Any person who claims that his or her rights as an APT unitholder or APPT unitholder will be prejudiced by the APT or APPT constitutional amendments (as applicable) or the implementation of the APT Trust Scheme or APPT Trust Scheme (as applicable) may, at the Second Court Hearings, apply to the Court for such orders or directions as the circumstances may require.

11.4 Capital Reduction Resolutions

Aspen Group

The Capital Reduction Resolutions in respect of AGL are set out in the Aspen Group Notices of General Meeting. Each Capital Reduction Resolution must be approved by a simple majority of votes cast on the relevant resolution in order to be passed.

AGL has proposed the Capital Reduction Resolutions in relation to AGL to permit AGL to reduce its share capital on the Implementation Date, to effect stage 3 (In-specie distribution) and stage 4 (Capital return) of the implementation steps, as described in section 10.6.

The Aspen Group Directors are of the view that, taking into account all relevant matters, the capital reductions in relation to AGL are fair and reasonable to AGL shareholders as a whole and will not materially prejudice the ability of AGL to pay its creditors.

Aspen Group securityholders are not required to approve the returns of capital by APT RE out of APT.

APPF

The Capital Reduction Resolutions in respect of APPML are set out in the APPF Notices of General Meeting. Each Capital Reduction Resolution must be approved by a simple majority of votes cast on the relevant resolution in order to be passed.

APPML has proposed the Capital Reduction Resolutions in relation to APPML to permit APPML to reduce its share capital on the Implementation Date, to effect stage 4 (Capital return) of the implementation steps, as described in section 10.6.

The APPF Directors are of the view that, taking into account all relevant matters, the capital reductions in relation to APPML are fair and reasonable to APPML shareholders as a whole and will not materially prejudice the ability of APPML to pay its creditors.

11.5 Constitution Amendment Resolutions

The constitutions of each of AGL and APPML will be replaced and the constitutions of APT and APPT amended in order to implement the Merger.

These amendments will be effected by way of a special resolution of Aspen Group securityholders (in their capacity as shareholders of AGL and unitholders in APT) and APPF securityholders (in their capacity as shareholders in APPML and unitholders in APPT), which, if passed will replace and amend the AGL and APT constitutions (respectively), and replace and amend the APPML and APPT constitutions (respectively).

The constitutional amendments will be recorded and lodged as follows:

- the amendments to the AGL constitution will be recorded in a new constitution of AGL which will need to be adopted, and which AGL will lodge with ASIC;
- the amendments to the APPML constitution will be recorded in a new constitution of APPML which will need to be adopted, and which APPML will lodge with ASIC;
- the amendments to the APT constitution will be recorded in a supplemental deed which AFML as responsible entity of APT will execute and lodge with ASIC; and
- the amendments to the APPT constitution will be recorded in a supplemental deed which AFML as responsible entity of APPT will execute and lodge with ASIC.

The new AGL constitution and APT supplemental deed are available for inspection at the office of Aspen Group Entities and the new APPML constitution and APPT supplemental deed are available for inspection at the offices of the APPF Entities. The offices of the Aspen Group Entities and APPF Entities are located at Level 18, 9 Hunter Street, Sydney, NSW, 2000. The relevant constitution and supplemental deed will be available for inspection between 9:00am and 5:00pm on Business Days. A copy of the relevant constitution and supplemental deed will also be made available on the Aspen Group website (www.aspengroup.com.au) or Aspen Parks Property Fund website (www.aspenfunds.com.au/funds) or on request free of charge by calling the Merger Information Line on 1300 365 969 (within Australia) or +61 1300 365 969 (outside of Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday.

11.5.1 Amendment to AGL and APPML constitutions

The AGL and APPML constitutions are in substantially similar form. The key proposed changes to the AGL and APPML constitutions are set out below.

The existing AGL and APPML constitutions will be replaced with new constitutions which will differ from the existing constitutions by the inclusion of provisions relating to Stapling and the implementation of the Merger. The new constitutions will take into account current market practice and changes in the Corporations Act (as modified by any applicable ASIC relief). The key differences are set out below.

Capital management

Provisions have been included to allow the re-allocation of capital across the Stapled entities of the Merged Group, to ensure that each entity is appropriately capitalised.

For this purpose, the new provisions enable each company, to at any time, with approval by ordinary resolution of members distribute an amount of capital from the relevant company, on terms that the distribution is to be applied by the company (on behalf of and at the deemed direction of members) as a capital payment to another Stapled entity of the Merged Group.

Similarly, the constitutions facilitate another Stapled entity of the Merged Group undertaking a capital reduction or distribution, on terms that the whole or any part of that amount is to be paid to or for the benefit of each member of the relevant trust. In that event, each member of the relevant company is deemed to have directed the relevant company to accept that incoming capital reallocation amount on their behalf.

Other amendments

Amendments have also been made to update the constitution, including:

(a) **(stapling)** amending the stapling provisions so that they are clearly mirrored in the constitutions of Merged Group members in a single schedule in their constitutions;

(b) **(preference share terms)** inserting the terms on which each company may issue preference shares as a schedule to each constitution. Each company will continue to be able to issue preference shares both on terms approved by a resolution of the relevant company or on the terms included in the new schedule;

(c) **(share certificates)** removing the provisions that apply to when a member can request a share certificate and when the relevant company need not issue a share certificate so that the appropriate provisions under the Corporations Act and Listing Rules will apply;

(d) **(small holdings)** simplifying the provisions relating to divestment of small holdings and unmarketable parcels and aligning these to those included in the constitutions of APT and APPT;

(e) **(transfer)** updating the transfer provisions including inserting more detailed provisions regarding transmission of shares on death, bankruptcy or mental incapacity of a member;

(f) **(meetings and voting)** amending the provisions relating to meetings of members and voting by members, including permitting members to demand a poll on the election of the chairman or a question of an adjournment, clarifying the number of votes a holder of a partly paid share will have on a poll and inserting new provisions relating to direct voting by members;

(g) **(proxies)** removing detailed provisions relating to appointment of proxies and their rights at a general meeting of the company so that the provisions in the Corporations Act and Listing Rules apply;

(h) **(call and forfeiture)** simplifying the provisions relating to a call on and forfeiture of partly paid shares to clarify the time periods in which notices of call and forfeiture must be given by the relevant company and ensure that the provisions align to the requirements of the Listing Rules and provisions in the constitutions of APPT and APT;

(i) **(directors)** updating the provisions relating to directors appointment (including in relation to the period of time a director can hold office without re-election in line with the Listing Rules), rotation and interests;

(j) **(powers and duties of directors)** simplifying the provisions relating to the powers and duties of directors;

(k) **(indemnity and insurance)** modernisation of the provisions regarding indemnity and insurance to permit (but do not oblige) the relevant company to indemnify any current or former director or secretary or officer of the relevant company or subsidiary of the company, purchase insurance and enter into an agreement with them in connection with the indemnity and insurance along with access to the company's records; and

(l) **(dividends)** amending the dividend provisions, including to take into account the changes that have been made to the Corporations Act in relation to payment of dividends.

11.5.2 Amendments to the APT and APPT constitutions

The APT and APPT constitutions are in substantially similar form.

The existing APT and APPT constitutions will be amended by the inclusion of provisions relating to Stapling and the implementation of the Merger. The amendments also update the constitutions, taking into account current market practice and changes in the Corporations Act (as modified by any applicable ASIC relief).

The key amendments are set out below. References in this section to "AFML" are to AFML in its capacity as responsible entity of the relevant trust.

The changes will take effect upon the APT Supplemental Deed Poll (in the case of the APT constitution) and APPT Supplemental Deed Poll (in the case of the APPT constitution), each executed by AFML, being lodged with ASIC under section 601GC of the Corporations Act.

Merger proposal mechanics

It is proposed to add a new schedule to each of the constitutions to facilitate the Merger proposal, which will allow and authorise AFML, as the responsible entity of the relevant trust, to give effect to the steps set out in Section 10.6.

Capital management

Provisions have been included to allow the re-allocation of capital across the Stapled entities of the Merged Group, to ensure that each entity is appropriately capitalised.

For this purpose, the new provisions enable AFML to at any time, with approval by ordinary resolution of members, to distribute an amount of capital from the relevant trust, on terms that the distribution is to be applied by AFML (on behalf of and at the deemed direction of members) as a capital payment to another Stapled entity of the Merged Group.

Similarly, the constitutions facilitate another Stapled entity of the Merged Group undertaking a capital reduction or distribution, on terms that the whole or any part of that amount is to be paid to or for the benefit of each member of the relevant trust. In that event, each member of the relevant trust is deemed to have directed AFML to accept that incoming capital reallocation amount on their behalf.

Reorganisations

The amendments insert specific powers for AFML to carry out certain types of reorganisation proposals in the future, including consolidating or dividing units in the relevant trust, stapling and unstapling units in the relevant trust, and with the approval of an ordinary resolution of members, undertaking various other strategies to restructure the relevant trust (for example exchanging units in the relevant trust for units in another trust or stapling or unstapling securities to the units in the trust).

Issue price of units and options

In June 2013, ASIC issued Class Order 13/655 (2013 Class Order) which affords a responsible entity of registered managed investment scheme greater flexibility when setting the price at which interests in the scheme may be issued. However, the 2013 Class Order imposes increased compliance requirements when exercising these discretions. For existing registered schemes, such as APPT and APT, the new provisions are not automatically imposed and the responsible entity must opt-in to operate under the 2013 Class Order.

AFML proposes to opt-in to the 2013 Class Order regime on implementation of the Merger as AFML considers that the flexibility in setting the issue price of the Merged Group Securities allowed by the 2013 Class Order is more appropriate for the Merged Group as a listed stapled group comprising two trusts and two companies (recognising there are no restrictions on setting the issue price of shares under AGL and APPML's constitutions).

The amendments to the APT and APPT constitutions have the effect of removing certain restrictions on AFML in setting the issue price of the Merged Group Securities. In particular, the effect of these amendments on AFML's ability to set the issue price of the Merged Group Securities is as follows:

Issue	Current Provision	New Provision
Placements	AFML may determine the issue price.	AFML may determine the issue price.
Rights issues	Issue price must not be less than 50% of the market price of stapled securities (being the weighted average price per security for sales on ASX for the period of 15 days immediately prior to the relevant day.	AFML may determine the issue price.
Distribution Reinvestment Plan	Issue price is the weighted average of all sales of stapled securities recorded on the ASX during the first 5 trading days following the end of the period to which the distribution relates less such discount if any, not exceeding 10% as AFML may determine.	AFML may determine the issue price.
Options	The issue price of an APT Unit or an APPT Unit on exercise of an option may be determined by AFML, provided that the exercise price is less than the price that would otherwise apply under the constitution by a percentage not exceeding 50%.	The issue price of an APT Unit or an APPT Unit on exercise of an option may be determined by AFML.

Other amendments

Amendments have been made to update the constitutions, including:

(a) **(stapling)** amending the stapling provisions so that they are clearly mirrored in the constitutions of Merged Group entities in a single schedule in their constitutions;

(b) **(options)** inserting more detailed provisions relating to the issue of options to acquire units in the relevant trust;

(c) **(financial instruments)** including the new ability for the relevant trust to issue financial instruments (such as convertible notes, derivatives or debentures), subject to the Corporations Act;

(d) **(fees)** amending the fee provisions, so that AFML is entitled to a maximum annual management fee made up of 0.5% per annum of the value of the aggregate value of the assets of the relevant trust;

(e) **(meetings and voting)** amending the provisions relating to meetings of members and voting by members, including inserting new provisions relating to direct voting by members;

(f) **(redemption and transfer)** clarifying the provisions that apply for redemptions and transfers of units including inserting more detailed provisions regarding transmission of units, options or financial instruments on death, bankruptcy or mental incapacity of a member;

(g) **(classes of units)** simplifying provisions relating to the issue of units of different classes;

(h) **(market price)** amending the manner that "market price" is calculated for various reasons;

(i) **(call and forfeiture)** simplifying the provisions relating to a call on and forfeiture of partly paid units so that they align to the provisions in the AGL and APPML provisions and the Listing Rules; and

(j) **(processing applications)** amending provisions relating to the processing of applications for units by AFML.

11.6 Proposal Approval Resolutions

The Proposal Approval Resolutions are ordinary resolutions of AGL shareholders, APPML shareholders, APT unitholders and APPT unitholders to authorise AGL, APPML and AFML (as relevant) to carry out the Merger and do all things necessary to give effect to the terms of the Merger Implementation Deed.

The Proposal Approval Resolutions must be approved by a simple majority of votes cast on each resolution in order to be passed.

11.7 Stapling Deed Resolutions

Aspen Group securityholders (in their capacity as AGL shareholders) are asked to consider, as an ordinary resolution, a resolution to approve the provision of financial benefits by AGL (and its controlled entities) to related parties by giving effect to the terms of any transactions contemplated under the Stapling Deed (to which AGL will become a party).

Similarly, APPF securityholders (in their capacity as APPML shareholders) are asked to consider, as an ordinary resolution, a resolution to approve the provision of financial benefits by APPML (and its controlled entities) to related parties by giving effect to the terms of any transactions contemplated under the Stapling Deed (to which APPML will become a party).

Following implementation of the Merger, the Stapling Deed will be between AGL, APPML, AFML (as responsible entity of APT) and AFML (as responsible entity of APPT). The Stapling Deed provides that the parties must operate on a co-operative basis for the benefit of the Merged Group securityholders as a whole, including providing financial accommodation to each other. Please see section 12.1.3 for a summary of the Stapling Deed.

Chapter 2E of the Corporations Act contains restrictions on public companies providing financial benefits to related parties. Future dealings by AGL or APPML (or their controlled entities) with other Merged Group entities could result in financial benefits being conferred by AGL or APPML on its related parties. These related parties may include directors of AGL or APPML, who will hold units in APT and APPT (as part of their Merged Securities), and therefore by virtue of their security holdings indirectly receive a benefit from AGL or APPML as a result of the benefit given by AGL or APPML to the other entities of the Merged Group. The Stapling Deed does not permit financial benefits to be given directly to any of the directors of AGL or APPML.

In addition, the provision by AGL or APPML of loans, guarantees and security for borrowings or acquisitions of APT or APPT, as well as any non-arm's length pricing of the cost of property or services provided by AGL or APPML to APT or APPT, could be regarded as a financial benefit to APT or APPT unitholders.

The Stapling Deed Resolutions seek approval of the giving of financial benefits to related parties of AGL and APPML under the Stapling Deed, or pursuant to any transaction entered into in accordance with the Stapling Deed. Approval of the Stapling Deed Resolutions will reduce the need for independent valuations, reports and Merged Group securityholder approvals for transactions between the stapled entities of the Merged Group, namely AGL, APPML, APT and APPT (or their controlled entities).

The Stapling Deed Resolutions are being proposed for the purpose of section 208 of the Corporations Act.

The following information comprises the explanatory statement for AGL, in accordance with section 219 of the Corporations Act:

- the related parties to whom the Stapling Deed Resolution in relation to Aspen Group would permit financial benefits to be given are the related parties of AGL who receive financial benefits under the Stapling Deed from time to time (including directors of AGL and their controlled entities but only to the extent that those directors indirectly receive the benefits by virtue of their holding of Merged Group Securities, or AFML). The resolution is not intended to permit financial benefits to controlled entities of AGL which are not wholly owned;
- the nature of the financial benefits are those given under the Stapling Deed or as a result of transactions entered into in accordance with the Stapling Deed, including benefits indirectly received by directors of AGL as a result of their holding of Merged Group Securities, and the provision by AGL of loans, guarantees and other benefits described above;
- each of the Aspen Group Directors recommends to the Aspen Group securityholders that the Stapling Deed Resolution in relation to Aspen Group be approved and considers that giving effect to the terms of and the transactions under the Stapling Deed, and the dealings between AGL, APPML, APT and APPT will be in the overall interests of Aspen Group securityholders;
- none of the AGL Directors has an interest in the outcome of the proposed Stapling Deed Resolutions other than as a holder of Aspen Group securities as disclosed in section 12.11, as a holder of APPF securities as disclosed in section 12.11, as a holder of Merged Group Securities (if the Proposal is approved); and
- there is no information, other than that which is set out in the Disclosure Documents, that is known to Aspen Group or any of the Aspen Group Directors which is reasonably required by Aspen Group securityholders in order to decide whether or not it is in the interests of AGL to pass the Stapling Deed Resolution in relation to AGL.

The following information comprises the explanatory statement for APPML, in accordance with section 219 of the Corporations Act:

- the related parties to whom the Stapling Deed Resolution in relation to APPF would permit financial benefits to be given are the related parties of APPML who receive financial benefits under the Stapling Deed from time to time (including directors of APPML and their controlled entities but only to the extent that those directors indirectly receive the benefits by virtue of their holding of Merged Group Securities, or AFML). The resolution is not intended to permit financial benefits to controlled entities of APPML which are not wholly owned;

- the nature of the financial benefits are those given under the Stapling Deed or as a result of transactions entered into in accordance with the Stapling Deed, including benefits indirectly received by directors of APPML as a result of their holding of Merged Group Securities, and the provision by APPML of loans, guarantees and other benefits described above;
- each of the APPF Directors recommends to the APPF securityholders that the Stapling Deed Resolution in relation to APPF be approved and considers that giving effect to the terms of and the transactions under the Stapling Deed, and the dealings between AGL, APPML, APT and APPT will be in the overall interests of APPF securityholders;
- none of the APPML Directors has an interest in the outcome of the proposed Stapling Deed Resolution in relation to APPML other than as a holder of APPF securities as disclosed in section 12.11, as a holder of Aspen Group securities as disclosed in Section 12.11, as a holder of Merged Group Securities (if the Proposal is approved); and
- there is no information, other than that which is set out in the Disclosure Documents, which is known to APPF or any of the APPF Directors which is reasonably required by APPF securityholders in order to decide whether or not it is in the interests of APPML to pass the Stapling Deed Resolution in relation to APPML.

The Stapling Deed Resolution in relation to AGL is out in the Notices of General Meeting – Aspen Group, annexed as Annexure B of the Aspen Group Securityholder Booklet and the Stapling Deed Resolution in relation to APPML is set out in the Notices of General Meeting – APPF, annexed as Annexure B of the APPF Securityholder Booklet.

11.8 Consolidation Resolutions

The implementation of the Merger involves the issue of Aspen Group securities to APPF securityholders and the issue of APPF securities to Aspen Group securityholders. Following these issues of securities both the Aspen Group securities and the APPF securities on issue must be consolidated in order to ensure that there are equal number of Aspen Group securities and APPF securities held by each securityholder participating in the Merger. AGL and APPML have proposed the Consolidation Resolutions to effect stage 5c of the implementation steps, as described in Section 10.6.

The consolidation of AGL shares and APPML shares is required to be approved by ordinary resolution of AGL shareholders and APPML shareholders, respectively, under section 254H(1) of the Corporations Act. Aspen Group securityholders and APPF securityholders are not required to approve the consolidation of APT units and APPT units respectively as part of the implementation of the Merger.

11.9 Capital Rebalancing Resolutions

Aspen Group is proposing to reallocate up to $70 million of APT's capital to AGL through implementation of the capital rebalancing proposal described below.

(a) Capital structure following implementation of the capital rebalancing proposal

Following the implementation of the capital rebalancing proposal, the capital of Aspen Group will remain unchanged. However the capital position of AGL will move from what was a net asset deficiency of $0.1 million as at 30 June 2015 to a positive net capital position which, if the capital rebalancing proposal had been implemented on 30 June 2015, would have been approximately $69.9 million.

(b) The capital rebalancing proposal

Under the capital rebalancing proposal, APT will reallocate up to $70 million of its existing capital to AGL. The capital rebalancing proposal will involve the following steps:

- APT RE will make a distribution of capital in respect of each APT Unit of approximately $0.618 per APT unit which will be allocated to APT unitholders; and
- in accordance with the APT Constitution, APT unitholders will be deemed to have directed APT RE to pay that amount to AGL as an additional capital contribution.

Securityholders are not required to provide any new capital to Aspen Group. Importantly:

- the capital rebalancing proposal will not impact on the current or future distribution guidance of 9.4 cents per Aspen Group security;
- all Aspen Group securityholders will be treated equally under the capital rebalancing proposal and the contributions to AGL will be on a pro-rata basis such that there will be no change in voting rights or control of either AGL or APT; and
- the capital rebalancing proposal will not result in a change in NTA per Aspen Group security (the only change will be a reduction in the NTA allocated to the APT units and a corresponding increase in the NTA allocated to the AGL units).

(c) Reasons for the capital rebalancing proposal

The following reasons outline why the Aspen Group Directors recommend that you vote in favour of the Capital Rebalancing Resolutions:

- the capital position of AGL will move from a net asset deficiency to a positive net capital position; and
- the capital rebalancing proposal will enable AGL to undertake the implementation steps to give effect to the Merger (including the in specie distribution of APPF securities and the capital return to Aspen Group securityholders) and still have a net positive capital position.

11.10 Buy-back Resolution

The Cash Option involves the buy-back of Merged Group Stapled Securities, including a selective buy-back of the AGL share and APPML share components of Merged Group Stapled Securities and a redemption of the APT unit and APPT unit components of those Merged Group Stapled Securities. The terms of the buy-back agreement for a selective buy-back of AGL shares is required to be approved by special resolution of AGL shareholders under section 257D(1) of the Corporations Act.

AGL has proposed the Buy-back Resolution to effect stage 6 (Buy-back) of the implementation steps, as described in Section 10.6.

ASIC has provided relief to APPML from the requirement for APPML shareholders to approve the selective buy-back of APPML shares under the Cash Option. Aspen Group securityholders and APPF securityholders are not required to approve the redemption of APT units and APPT units respectively as part of the buy-back of Merged Group Stapled Securities under the Cash Option.

ASIC has granted relief to AGL from section 257D(1)(a) of the Corporations Act to allow Aspen Group securityholders who also hold APPF securities, and their associates, to vote in favour of the Buy-Back Resolution.

The Aspen Group Directors are of the view that the buy-back will not materially prejudice AGL's ability to pay its creditors.

11.11 Interconditionality

Each of the Resolutions must be passed in order for the Merger to be implemented other than the APPML Director Appointment Resolutions.

Accordingly, if any of the Resolutions other than the APPML Director Appointment Resolutions are not passed, the Merger will not proceed.

Further conditions precedent which need to be satisfied or waived before the Merger is implemented are set out in the Merger Implementation Deed, and are summarised in section 2.8.

11.12 Voting

Approval thresholds

The approval thresholds for each of the Resolutions are as follows:

- the Scheme Resolutions to be proposed at the Scheme Meetings will be passed only if it is passed by a majority in number of members who voted at the relevant Scheme Meeting and 75% of the votes cast;
- the Constitution Amendment Resolutions and the Buy-back Resolution to be proposed at the General Meetings will be passed as special resolutions only if they have been passed by at least 75% of the votes cast by Securityholders entitled to vote on those resolutions; and
- the Capital Reduction Resolutions, the Proposal Approval Resolutions, the Stapling Deed Resolutions, the Capital Rebalancing Resolutions and the APPML Director Appointment Resolutions to be proposed at the General Meetings will be passed as ordinary resolutions only if they have been passed by more than 50% of the votes cast by the Securityholders entitled to vote on those resolutions.

Each Aspen Group and APPF securityholder who is registered on the Aspen Group or APPF Register, respectively, at 7.00pm (Sydney time) on 30 November 2015 is entitled to attend and vote, either in person or by proxy, at the Aspen Group Meetings and the APPF Meetings, respectively.

Voting by poll

Each Resolution proposed at the Meetings will be decided by way of a poll.

On a poll for AGL or APPML, each Securityholder has one vote for every AGL share or APPML share held, respectively.

On a poll for APT or APPT, each Securityholder has one vote for each dollar of the value of the total interests they have in APT or APPT, respectively.

The value of a unit in APT or APPT is the amount that AFML determines in writing to be the price that a willing but not anxious buyer would pay for the APT or APPT, respectively, if it were sold on the business day immediately before the date of the Meetings.

If you do not vote or vote against the Resolutions, but the Resolutions are approved by the required majority of Securityholders and all other conditions precedent to the Merger are either satisfied or waived, then the Merger will be implemented and will be binding on all Aspen Group securityholders and APPF securityholders.

Voting exclusions

Under section 253E of the Corporations Act, AFML, the responsible entity of APT and APPT, and its associates will not be entitled to vote on a Resolution of members of APT or APPT respectively, if they have an interest in that Resolution other than as a member. However, AFML and its associates are entitled to vote as a proxy for another member of APT or APPT, provided their appointment specifies the way they are to vote on the Resolution and they vote in that way.

Under section 224(1) of the Corporations Act, related parties of AGL and APPML (including AGL and APPML directors and entities controlled by them) must not cast votes on the Stapling Deed Resolution if the resolution permits the giving of financial benefits to those related parties. However, ASIC has agreed to grant relief to the directors of AGL and APPML from the restriction in section 224(1) of the Corporations Act on the basis that directors of AGL and APPML would only receive benefits on the same basis as other Aspen Group securityholders or APPF securityholders.

Under section 257D(1)(a) of the Corporations Act, AGL shareholders who may participate in the Cash Option and their associates are not permitted to vote in favour of the Buy-back Resolution. ASIC has granted relief to AGL from section 257D(1)(a) of the Corporations Act to allow Aspen Group securityholders who hold APPF securities and their associates to vote in favour of the Buy-Back Resolution.

12. Additional Information

12.1 Summary of Aspen Constitutions

12.1.1 AGL Constitution and APPML Constitution

The rights and liabilities attaching to the shares in AGL and APPML (in this section, each of AGL and APPML are referred to as a "company" and together, AGL and APPML are referred to as the "companies") under the constitutions of those companies (as they will be replaced) are very similar, and are summarised below.

This summary should be read together with the summary of proposed amendments to the existing AGL Constitution and APPML Constitution set out in Section 11.5.1 of this Explanatory Memorandum.

Share capital

The directors may issue or cancel shares, or grant options over unissued shares. The issue of further, equally ranked shares will only vary the rights of existing shareholders if expressly provided for in terms of the existing shares, or required under the Corporations Act or Listing Rules.

Stapling

On implementation of the Proposal, each AGL Share and APPML Share will be stapled to one APPT Unit and one APT Unit to form one Merged Group Security. Until unstapled, each of AGL and APPML must not cause their relevant shares to cease being part of a Merged Group Security, and the directors may only issue, cancel, or buy-back the shares as part of a Merged Group Security. The number of issued shares must equal the number of other issued securities to which it is stapled at any particular time.

Lien and Forfeiture

Each of AGL and APPML have a lien on their shares, for due and unpaid calls and instalments as well as interest accruing on that amount. AGL and APPML may sell any of their shares on which it has a lien (as part of stapled securities) upon 14 days' notice that it intends to do so.

Transfer of AGL Shares and APPML Shares

The shares may be transferred as provided by the operating rules of a CS Facility (as that term is defined in the Corporations Act) or by any other method of transfer which is required or permitted by the Corporations Act and ASX. While stapling applies, AGL Shares and APPML Shares may only be transferred as part of the Merged Group Securities.

Voting

Subject to any rights of any shares or class of shares, each AGL Shareholder and APPML Shareholder is entitled to attend and vote at a general meeting of AGL and APPML respectively. Subject to any direct voting rules determined by the directors, any resolution being considered at a general meeting is decided on a show of hands unless a poll is demanded. On a show of hands, each shareholder present (in person and each other person present as a proxy, attorney or a representative of a shareholder) has one vote. On a poll, each shareholder present (in person and each other person present as a proxy, attorney or a representative of a shareholder has one vote for each fully paid share.

Number of directors

The minimum number of directors is three. Unless otherwise determined by the shareholders in general meeting, the maximum number of directors is 10 (or any such lesser number as determined by the directors).

Appointment and retirement of directors

A director must not hold office (without re-election) past the third annual general meeting following that director's appointment or last election or for more than 3 years (whichever is longer). There must be an election of directors at each annual general meeting of the company. This can be satisfied by either a person standing for election as a new director, a director appointed to fill a casual vacancy standing for election or a director standing for re-election at the end of his or her tenure. If no person or director is standing for election then the director who has been the director for the longest must retire and stand for re-election.

The directors may also appoint a director to fill a casual vacancy on the board or in addition to the existing AGL and APPML directors. A director appointed in this way (other than one managing director) holds office only until the next annual general meeting following his or her appointment.

Removal of director

Shareholders can by resolution remove any director and appoint another person as a replacement.

Dividends

The companies may pay dividends, as determined by the directors, subject to the Corporations Act and the rights of any shareholders which hold shares which have special rights to dividends. Interest is not payable on any dividend.

Election to reinvest dividends

Subject to the Listing Rules, the directors may grant the shareholders (or a class of shareholders) the right to elect to reinvest cash dividends paid by the company, by subscribing for additional shares of the same class on such terms as the directors think fit. While stapling applies, such a right may only be granted if, at the same time, an offer of an identical number of securities to which the shares are stapled is also made to the shareholders.

Capitalisation of profits

The directors may capitalise any sum and apply it for the benefit of shareholders in the proportions to which those shareholders would have been entitled upon distribution of that sum by way of dividend.

Winding up

With the sanction of a special resolution of the company, the liquidator may divide among the shareholders the whole or any part of the company's property and decide how the division is to be carried out.

Small holdings

The directors may sell any shares held by a shareholder which comprise less than a marketable parcel, without request by the shareholder. Each of AGL and APPML may only give a small holder one divestment notice every 12 months (except in the event of a takeover bid), and after giving that written notice, allow holders at least six weeks (or 7 days in the case of a "New Small Holder", as defined) from the date of that notice to notify the company if they wish to retain their shares.

Constitution amendments

The company constitution can only be amended by special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution at a general meeting of the company. The company must give at least 28 days' written notice of such meeting.

12.1.2 APT Constitution and APPT Constitution

APT and APPT are registered managed investment schemes and the main rules governing their operation are set out in their constitutions dated 10 May 2003 and 8 March 2004 (as amended) respectively. The Corporations Act, exemptions and declarations given by ASIC, the Listing Rules (subject to waivers) and the general law of trusts are also relevant to the rights and obligations of the AFML and holders of APT units and APPT units (referred to in this section as "members").

The rights and liabilities attaching to units in APT and APPT under the constitutions of those trusts will be very similar, and are summarised below. This section should be read together with the summary of proposed amendments to the APT and APPT constitutions set out in Section 11.5.2 of this Explanatory Memorandum.

Units and Stapling

Subject to the terms of issue of the particular unit, each unit confers an equal undivided interest in the relevant trust's assets as a whole, subject to the liabilities of the relevant trust.

While the Stapling provisions apply, the units and any other securities to which they may be Stapled must be Stapled in the same ratio and will be treated as one security. Units may only be issued if there is a corresponding issue of any other securities Stapled to those units and the issue is at the same time and to the same person.

The responsible entity also has the power to issue options over units and financial instruments.

Income and distribution to members

Subject to the terms of issue of the particular unit, members are generally entitled to share in distributions in proportion to the number of units they hold.

If the responsible entity approves, members may choose to reinvest some or all of a distribution by acquiring additional units in the trust.

Distributions are payable annually or such other period as the responsible entity determines. It is expected that each of APT and APPT will pay semi-annual distributions.

Distributions may be in the form of cash, additional units or, in certain circumstances, in the form of other assets.

Transfer of units, options or financial instruments

Subject to the Corporations Act and the Listing Rules, while the units, options or financial instruments are quoted for trading on the ASX, they may be transferred by any method permitted by the operating rules of ASX's clearing and settlement facility or the Corporations Act and the ASX. While Stapled, units may only be transferred as part of Merged Group Securities.

Withdrawal

A unit may not be redeemed while the relevant trust is listed except by way of a buyback or a withdrawal offer. While Stapling applies, the responsible entity may not redeem a unit without any other security to which it is Stapled also being redeemed.

Powers and delegation

The responsible entity has all the powers that it is possible to confer on a trustee, including powers to invest, dispose of or otherwise deal with property or to raise or borrow money. There is also a general contracting power to enter into any form of contract and incur all types of obligations and liabilities. The responsible entity may authorise any person (including an associate of the responsible entity) to act as its agent or delegate to hold title to any asset or perform any act or exercise any discretion. It may also enter into an agreement with a person to underwrite the subscription or purchase of units, or options over those units.

Stapling and reorganisation proposals

Subject to the Corporations Act and the Listing Rules, the responsible entity has the power to staple units to any other security and to subsequently destaple them, without prior approval of members.

Units, options and financial instruments may also be consolidated or divided as determined by the responsible entity.

In addition, the responsible entity has the power to enter into certain reorganisation proposals, of the kind discussed in Section 11.5.2.

Constitution amendments

The relevant trust constitution may be amended by a resolution of members, or by the responsible entity if the change does not adversely affect the rights of members.

Meetings

While APT and APPT are registered managed investment schemes, members' rights to requisition, attend and vote at meetings are mostly prescribed by the Corporations Act.

The responsible entity may also convene separate meetings for holders of options and financial instruments. Option holders may exercise any right they have under the Corporations Act to attend a meeting and vote on a resolution of members.

Rights and limitation of liability of responsible entity

The responsible entity and its associates may hold units, options or financial instruments in relation to the trust of which it is responsible entity, and the responsible entity may deal with itself as trustee of the trust or in another capacity. Subject to the Corporations Act, the responsible entity is not liable to members for any loss suffered in respect of the trust.

Liability of members, options holders and holders of financial instruments

The liability of a member, option holder or holder of a financial instrument ("securityholder") is limited under the constitution to the amount (if any) which remains unpaid in relation to their units, options or financial instruments (although the effectiveness of this provision has not been tested in superior courts). The constitutions provide that the responsible entity is entitled to be indemnified by a member for tax or costs incurred as a result of that securityholder's action or inaction (amongst other things). A member need not indemnify the responsible entity if there is a deficiency in the assets of the trust, or meet the claim of any creditor of the responsible entity in respect of the trust.

The responsible entity's fees and expenses, and indemnity

The rights of the responsible entity to fees and the reimbursement of costs and expenses in respect of the trusts are set out in Annexure D. In addition, the responsible entity is entitled to be indemnified out of the assets of the relevant trust for any liability incurred by it in the proper performance of its duties in relation to the relevant trust.

Winding up

On winding up, each member is entitled to receive a share of the value of the trust's assets, after meeting all liabilities and expenses, proportionate to the number of units held.

Each of APT and APPT continue until the earlier of:

- the date specified by the responsible entity in a notice to members; or
- the date on which the trust terminates in accordance with the constitution or by law.

Small holdings

While the units are quoted on the ASX, the responsible entity may sell or redeem the units without the request of a member where the units comprise less than a marketable parcel. The responsible entity may only sell or redeem a member's units once every 12 months by providing a divestment notice, and must allow members at least six weeks (or 7 days in the case of a "New Small Holder", as defined) from the date of that notice to notify the responsible entity if they wish to retain their units.

12.1.3 Summary of Stapling Deed

On or before implementation of the Proposal, AGL, APPML, AFML as responsible entity of APT and AFML as responsible entity of APPT will enter into a stapling deed to set out the terms of the relationship between AGL, APPML, APT and APPT in respect of the Merged Group Securities.

The key terms of the deed include:

- **Stapling**

  The Merged Group Securities will remain stapled unless a special resolution of the relevant stapled securityholders approves destapling, if stapling becomes unlawful or prohibited by the Listing Rules, or a winding up is commenced in respect of any of the respective stapled entities.

- **Co-operation and consultation**

  The parties to the stapling deed agree to share accounting and other information, and to co-operate in operating their respective stapled groups, including in relation to providing information to investors, valuing assets, preparing accounts, holding meetings, issuing securities, acquiring investments and making dividends and distributions.

- **Financial benefits**

  The parties to the stapling deed agree to give financial benefits to the other entities in the stapled group including by lending money and providing guarantees. Any such benefits must only be given if they are in the interests of Merged Group securityholders as a whole.

- **Dealings in Stapled Securities**

  The relevant components of the Merged Group Securities may only be issued or transferred as part of Stapled Securities.

  Each of the parties to the stapling deed must not cancel, buy-back, redeem or reorganise shares or units, unless at the same time there is a corresponding cancellation, buy-back, redemption or reorganisation of the shares or units of each other entity in the stapled group.

  Each of the parties to the stapling deed may maintain or procure the maintenance of a register of Merged Group Securities. This includes the appointment of a common registrar.

All details of Merged Group Securities and dealings in those securities must be entered in the register. Although separate registers may be kept, the registers must be kept entirely consistent with one another.

- **Duties**

  When exercising any power or discretion, each of the parties to the stapling deed may consider the interests of holders of the Merged Group Securities as a whole, not only the interests of members of each Merged Group Entity separately.

- **Dispute resolution**

  If there are disagreements arising from the stapling deed, each of the parties to the stapling deed must use their best endeavours to resolve them and negotiate in good faith before instituting proceedings.

- **Allocation of issue price**

  Each of the parties to the stapling deed must agree from time to time what part of the amount payable for the issue, redemption or buy-back of a Merged Group Security is to represent the price of shares or units in each of the entities forming part of the Merged Group. The allocation is to be based on the methodology set out in the stapling provisions in the constitutions (unless agreed otherwise in the case of an issue or redemption) or fair values of the shares or units (in the case of a buy back).

  If the parties are unable to agree, an independent accountant must be appointed to determine what part of the amount payable is to represent the price of the constituent shares or units.

12.2 ASIC relief

ASIC has granted or indicated it will grant the following modifications to and exemptions from the operation of the Corporations Act as it applies to Aspen Group and APPF:

- **regulation 5.1.01(1) and paragraph 8305 of Schedule 8** – consent in writing from ASIC for any forecast included in the independent expert's report or statement that an asset's market value differs from that in AGL's books
- **regulation 5.1.01(1) and paragraph 8302(d) of Schedule 8** – relief from disclosing benefits payable to a director, secretary or executive officer of Aspen Group or APPF for loss of office unless in connection with the Merger, and if so, on an aggregated, unidentifiable basis;
- **regulation 5.1.01(1) and paragraph 8302(h) of Schedule 8** – relief to allow disclosure of change in financial position since 30 June 2015 through this Explanatory Memorandum rather than the date of the last general meeting of AGL and of APPML; and
- **Chapter 6D and Part 7.9** – modifications so that the Aspen Group securityholder booklet does not need to have an expiry date, an application form for the new APT units and new APPT units that will be issued under the proposal, for this Explanatory Memorandum to have the "Product Disclosure Statement" or for the application monies for new Aspen Group securities and APPF securities to be held on trust
- **Division 2 of Part 7.7** – relief from the requirement for AFML (as responsible entity of APT) and AFML (as responsible entity of APPT) to give a financial services guide with the Explanatory Memorandum and securityholder booklets to Aspen Group and APPF securityholders who are retail clients
- **s 601FC** – relief to allow AFML to treat ineligible foreign securityholders differently by virtue of the Sale Facility arrangements
- **s 601ED, Divisions 2 to 5A of Part 7.9 and Chapter 5C** – relief from sections 601ED, Divisions 2 to 5A of Part 7.9 and Chapter 5C, and the requirement to hold an Australian financial services licence in relation to the Sale Facility
- **s 218(2)** – approval for AGL and APPML to lodge the notices of meeting and explanatory statements with ASIC on short notice
- **s 224(4)** – to provide that the directors of AGL and APPML can vote on the AGL and APPML resolutions to approve the stapling deed
- **s 257D, 601FC(1)(d), 601FG(1)(a), 601GA(4), Part 5C.6 and Division 5A of Part 7.9** – to permit the buy-back to be conducted under the Cash Option on the terms set out in this Explanatory Memorandum. The terms of the buy-back agreement for a selective buy-back of shares are required to be approved by special resolution of shareholders under section 257D(1) of the Corporations Act, with no votes being cast in favour by any shareholder who may participate in the buy-back, or their associates. ASIC has provided relief to APPML from the requirement for APPML shareholders to approve the selective buy-back of APPML shares under the Cash Option. In the case of AGL, ASIC has granted relief to AGL from section 257D(1)(a) of the Corporations Act to allow Aspen Group securityholders who also hold APPF securities, and their associates, to vote in favour of the Buy-Back Resolution.
- **Chapter 6D, Part 7.9, s 911A(1) and s 736, 992A and 992AA** – exemption from the prospectus, PDS and licensing requirements in connection with the roll-over of Aspen Group's employee incentive plan awards to relate to Merged Group Securities
- **s 601FD, s 601FE, Part 5C.7, s 708(13) and s 1012D(3)** – to provide customary stapling relief to the Merged Group.

12.3 ASX waivers and confirmations

ASX has granted the following confirmations and waivers to Aspen Group and has provided in principle approval to APPT and APPML that they will be granted the following confirmations and waivers upon quotation.

- **LR 1.1, condition 1** – confirmation that APPF's structure and operations are appropriate for a listed entity
- **LR 1.1, condition 2** – confirmation that APPML's and APPT's constitutions are consistent with the Listing Rules

- **LR 1.1, condition 5** – to permit AFML (in its capacity as responsible entity of APT) to be under an obligation to allow participating APT unit holders to withdraw from APT in accordance with the Proposal
- **LR 1.1, condition 17 and LR 1.7** – confirmation that the requirement to provide the information specified by items 11, 12, 13, 14, 15 and 16 of the "Information Form and Checklist (ASX listing)" for the purposes of listing rule 1.1, condition 17 does not apply to APPF directors who are also Aspen Group directors
- **LR 2.1, condition 1 and LR 6.1** – confirmation that ASX considers that the terms applying to APPML shares and APPT units are appropriate and equitable
- **LR 6.12.3** – confirmation that ASX approves the provisions in the constitutions of AGL, APT, APPML and APPT relating to the divestment of the shares and units of ineligible foreign securityholders, as appropriate and equitable
- **LRs 7.1, 10.11 and 10.14** – waivers from the requirement to obtain Merged Group securityholder approval for the issue of options, performance rights and short-term incentive rights over Merged Group Securities to the extent that those options, performance or short-term incentive rights were originally issued over Aspen Group securities prior to the Merger and they were issued with the approval of Aspen Group securityholders
- **LR 7.40** – confirmation of timetable
- **LR 10.12, exception 7** – confirmation that this exception applies to the issue of Merged Group Securities on the exercise of Aspen Group options and vesting of Aspen Group performance rights and Aspen Group share rights in respect of Aspen Group's Short Term Incentive Policy
- **LR 11.1** – confirmation that ASX does not require APPML or APPT to meet the requirements of Chapters 1 and 2 as if they were applying for admission under LR 11.1.3
- **LRs 11.1 and 11.4** – confirmation that ASX does not require AGL to obtain shareholder approval and does not require APT to obtain unit holder approval for the Proposal under LRs 11.1 and 11.4
- **Guidance Note 2** – confirmation that the terms of the Proposal (including the stapling arrangements) are appropriate
- **ASX Operating Rule 3330** – approval for all of the respective securities of the entities comprising the Merged Group to be quoted on a deferred settlement basis
- **LR 7.1** – waivers from LR 7.1 to the extent necessary to permit:
  - Aspen Group to issue Aspen Group securities to participating APPF securityholders; and
  - APPF to issue APPF securities to participating Aspen Group securityholders,

  to effect the Proposal without obtaining securityholder approval
- **LR 10.11** – a waiver from LR 10.11 to the extent necessary to permit the issue of securities to related parties to effect the Proposal without obtaining securityholder approval
- **LR 1.1, condition 7** – waiver to the extent necessary to permit each participating APPF securityholder to hold a parcel of APPF securities having a value of less than $2,000, on condition that Aspen Group securities are stapled to APPF securities, so that the parcel of stapled securities has a value of at least $2,000
- **LR 1.1, Condition 8** – waiver to the extent necessary to permit the New Stapled Group as a whole to comply with the assets test even though stapled entities may not individually comply with the assets test as separate entities
- **LR 2.1, Condition 2** – confirmation that the requirements of this rule are satisfied
- **LRs 6.23 and 7.22** – confirmation that Aspen Group may amend the terms of the Aspen Group options and performance rights and short-term incentive share rights to permit Merged Group Securities to be delivered instead of AGL shares stapled to APT units on the vesting or exercise of those awards
- **LR 6.24** – waiver from LR 6.24 in respect of clause 1 of Appendix 6A to the extent necessary that the rate and amount of a dividend or distribution need not be advised to ASX when announcing a dividend or distribution record date, on condition that an estimated dividend or distribution rate is advised to ASX as on the announcement date and the actual rate is advised to ASX as soon as it becomes known
- **LR 8.10** – waiver from LR 8.10 to the extent necessary to permit the Merged Group to refuse to register a transfer of a component security of the Merged Group if it is not also accompanied by a transfer of all of the other component securities of the Merged Group
- **LR 10.1** – waiver from LR 10.1 to the extent necessary to permit the transfer of substantial assets between and within AGL, APPML, APT and APPT without the approval of holders of Merged Group Securities.

12.4 ASX listing

Within 7 days of the date of this Explanatory Memorandum, APPML and AFML as responsible entity of APPT will apply to the ASX for the admission of APPML and APPT to the Official List and quotation of APPML Shares and APPT Units. Such applications will be conditional upon each of the Schemes becoming Effective.

Merged Group Securities are expected to commence trading on ASX, initially on a deferred settlement basis on 8 December 2015. Normal trading of Merged Group Securities is expected to commence on 16 December 2015. Merged Group Securities will trade under the code "APZ". Holding statements for Merged Group Securities are expected to be despatched on to eligible Merged Group securityholders by 16 December 2015.

12.5 Recent security price history

The latest recorded price of Aspen Group securities on ASX before the public announcement of the Merger on 14 September 2015 was $1.225. The latest recorded sale price of Aspen Group securities on ASX before the date on which this Explanatory Memorandum was lodged for registration with ASIC (being 16 October 2015) was $1.40.

During the three months immediately prior to the date of this sale, the highest recorded sale price of Aspen Group securities was $1.43 which occurred on 8 October 2015, and the lowest recorded sale price was $1.20, which occurred on 8 September 2015 2015.

The current price of Aspen Group securities on ASX can be obtained from the ASX website (www.asx.com.au).

APPF securities are not currently quoted. The number of APPF securities sold in the 6 months prior to the date of this Explanatory Memorandum was 2,863,959 at sale prices ranging from $0.4622 to $0.5180 per APPF security. The number of APPF securities sold in the 3 months prior to the date of this Explanatory Memorandum was 958,688 at sale prices ranging from of $0.4622 to $0.4866 per APPF security. These sale prices generally reflected NAV of APPF securities at the time of sale.

12.6 Dispute resolution

You have a right to complain if you are not satisfied with anything relating to any of the Merger Entities. All complaints are taken seriously and you will be provided with a copy of the Aspen Consumer Guide to Resolving Complaints on request and at no charge.

If you have a complaint, you should write to AFML (see contact details in the Corporate Directory at the back of this Explanatory Memorandum), including your name, address and investor number. AFML will acknowledge the complaint within 5 Business Days and will seek to resolve it as soon as practicable, but no later than six weeks from receipt.

AFML is a member of the Financial Ombudsman Service (FOS), which retail investors may contact for any issues that cannot be resolved. The FOS is an independent external dispute resolution organisation registered with ASIC. Please note that the FOS will not deal with your complaint unless you have first raised your concerns with AFML. The FOS toll free telephone number is 1300 780 808, or you can contact the FOS by mail at GPO Box 3, Melbourne, Victoria 3001.

12.7 Ethical considerations

AFML as responsible entity of APT and APPT does not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments. However, sometimes these matters may indirectly affect the economic factors upon which investment decisions are based.

12.8 Cooling-off regime

No cooling-off period applies to this offer of securities under the terms of the Merger.

12.9 Intention of Merged Group Directors concerning the business of Aspen Group

In relation to the business of the Aspen Group held by AGL, it is the present intention of the directors of the Merged Group that, following the implementation of the Merger:

- Aspen Group's business will continue and be conducted as part of the Merged Group business under the direction of the directors of the Merged Group;
- no major changes will be made to the business (including redeployment of fixed assets) which will continue as part of the Merged Group business under the direction of the directors of the Merged Group; and
- in relation to the present employees of Aspen Group, to continue the future employment of those employees except as set out in Section 12.11.2.

12.10 Intention of Merged Group Directors concerning the business of APPF

In relation to APPF's business currently held by APPML, APPML has been advised by the directors who will comprise the Merged Group Board that following implementation of the proposal:

- APPF's business will continue and be conducted as part of the Merged Group business under the direction of the directors of the Merged Group;
- no major changes will be made to the business (including redeployment of fixed assets) which will continue as part of the Merged Group business under the direction of the directors of the Merged Group; and
- in relation to the present employees of APPF, to continue the future employment of those employees.

12.11 Disclosure of interests

12.11.1 Interests of directors in securities

The directors of Aspen Group and APPF have no material interest in the Merger or any other arrangement or matter contemplated by this Explanatory Memorandum except the securities they hold set out below, or as otherwise disclosed in this Explanatory Memorandum.

The effect of the Merger on their interests is the same as its effect on the like interests of other persons.

APPF securities

The table below sets out the number and type of securities in APPF held by each director of APPML, AGL and AFML or their associates or in respect of which they have a relevant interest as at the date of this Explanatory Memorandum.

Director	Number of APPF securities	% of APPF securities on issue
Frank Zipfinger	50,529	0.02%
Clive Appleton	–	–
Guy Farrands	–	–
John Carter	–	–
Reg Gillard	–	–
Clem Salwin	–	–

Aspen Group securities

The table below sets out the number and type of securities in Aspen Group held by each director of AGL and AFML or their associates or in respect of which they have a relevant interest as at the date of this Explanatory Memorandum.

Director	Number of Aspen Group securities	% of Aspen Group securities on issue	# of performance rights	# of options
Frank Zipfinger	185,000	0.15%	–	–
Clive Appleton	11,000	0.01%	–	–
Guy Farrands	135,475	0.04%	–	–
John Carter	13,684,956	9.77%	–	–
Reg Gillard*	–	–	–	–
Clem Salwin	1,652,555	1.14%	1,354,604***	1,729,412

* Intention to resign at date of Merger implementation

** Subject to securityholder approval at the 2015 Annual General Meeting of Aspen Group securityholders, Clem Salwin will receive STI rights in respect of his short term incentive for the 2016 financial year. The value of the securities to which Clem Salwin's STI rights for the 2016 financial year relate will depend on the value of the deferred component of his STI award for the 2016 financial year, if any. The maximum value of the deferred component of his STI award for the 2016 financial year is $ 122,500.

*** Subject to shareholder approval at the 2015 Annual General Meeting of Aspen Group securityholders, a further 366,127 performance rights will be granted to Clem Salwin. If that approval is obtained, these performance rights will be granted prior to the implementation of the Proposal.

12.11.2 Agreements or arrangements with directors

If the Merger is implemented, 3 employees in the funds management team will be made redundant and will be entitled to receive statutory leave payments, redundancy payments and potentially payments in lieu of notice of termination. One member of this team is an executive officer of AGL. While the termination arrangements for this employee are yet to be determined, the payment which would be made in respect of all their entitlements would not exceed $900,000.

Other than as set out above or elsewhere in this Section 12 or in the Disclosure Documents, no payment or other benefit is proposed to be made or given (in connection with or conditional on the Merger) to any director, proposed director, secretary or executive officer of one or more of Aspen Group or APPF (or their related bodies corporate) as compensation for loss of, or as consideration for or in connection with his or her retirement from office in one more of Aspen Group or APPF or their related bodies corporate.

Other than as set out in this Section 12 or elsewhere in the Disclosure Documents, there are no agreements or arrangements made between a director of one or more of Aspen Group or APPF (or their related bodies corporate) and another person in connection with or conditional on the implementation of the Merger. However, directors will be entitled to participate in the Merger in respect of the APPF securities and Aspen Group securities set out in the tables above to the extent permitted by law.

12.11.3 Insurance and indemnities

The constitutions of APPML, AGL and AFML currently contain provisions indemnifying (to the full extent permitted by law) each director of APPML, AGL and AFML respectively against all liabilities incurred as a director (unless the liability arises out of misconduct by a director). APPF and Aspen Group also maintain insurance policies for the benefit of their officers, including directors, which insures them and their officers against all liabilities incurred while acting in those capacities, as permitted by applicable law and on market standard terms.

12.11.4 Other interests of directors

Other than as set out in this Section 12 or elsewhere in this Explanatory Memorandum:

- no director of APPML, AGL, or AFML has, or has had at any time in the two years before the date of this Explanatory Memorandum, any interests in:
  a. the formation or promotion of the Merged Group;
  b. property acquired or proposed to be acquired by the Merged Group in connection with its formation or promotion or issue of securities; or
  c. the issue of securities; and
- no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to any director of APPML, AGL, or AFML:
  a. to induce him to become, or to qualify as, a director of the APPML, AGL, or AFML (as relevant); or
  b. for services which he has provided in connection with either the formation or promotion of the Merged Group or the issue of securities under the Merger.

12.11.5 Interests of third parties

Other than as set out below, no expert or any firm in which an expert is a partner or executive, has an interest that exists as at the date of this Explanatory Memorandum, or that existed within two years before that date, in the formation or promotion of the Merged Group, or in any property proposed to be acquired by it or in the offer of Merged Group Securities. No amount has been paid or agreed to be paid to an expert in the last two years for services rendered by the expert or any such firm in connection with the promotion or inception of the Merged Group other than interests or amounts resulting from the following arrangements:

KPMG Corporate Finance has provided an Independent Expert's Report on the Merger and has been paid (or APPF and Aspen Group have agreed to pay) approximately $250,000 for this service.

PricewaterhouseCoopers Securities Ltd. has provided an Independent Accountant's report on the pro forma financial information in this Explanatory Memorandum and has been paid (or Aspen Group has agreed to pay) approximately $135,000 for this service.

King & Wood Mallesons has provided Australian legal advice (including in respect of taxation matters) in relation to the Merger and has been paid (or Aspen Group has agreed to pay) approximately $1,000,000 for this service to the date of this Explanatory Memorandum. Further amounts may be paid to King & Wood Mallesons in accordance with its usual fee arrangements.

UBS AG, Australia Branch has provided financial advisory services in relation to the Merger and has been paid (or Aspen Group has agreed to pay) approximately $1,000,000 for this service to the date of this Explanatory Memorandum.

12.12 Other information material to the making of a decision in relation to the AGL Scheme and to Aspen Group's financial position

Except as set out in the Disclosure Documents, so far as the Aspen Group Directors are aware:

- there is no information material to the making of a decision by an Aspen Group securityholder in relation to the AGL Scheme being information that is within the knowledge of any Aspen Group Director or any director of a related body corporate of Aspen Group at the time of lodging the Disclosure Documents with ASIC which has not previously been disclosed to Aspen Group securityholders;
- the financial position of Aspen Group has not materially changed since 30 June 2015, being the balance date of the last annual accounts for Aspen Group for FY15; and
- there is no information which is material to the making of a decision by an Aspen Group securityholder on how to vote on the Capital Reduction Resolution in relation to AGL being information known to Aspen Group, and which has not been previously disclosed to Aspen Group securityholders.

12.13 Other information material to the making of a decision in relation to the APPML Scheme and to APPF's financial position

Except as set out in the Disclosure Documents, so far as the APPF Directors are aware:

- there is no information material to the making of a decision by an APPF securityholder in relation to the APPML Scheme being information that is within the knowledge of any APPF Director or any director of a related body corporate of APPF at the time of lodging the Disclosure Documents with ASIC which has not previously been disclosed to APPF securityholders; and
- the financial position of APPF has not materially changed since 30 June 2015, being the balance date of the last annual accounts for APPF for FY15; and
- there is no information which is material to the making of a decision by an APPF securityholder on how to vote on the Capital Reduction Resolution in relation to APPML being information known to APPF, and which has not been previously disclosed to APPF securityholders.

12.14 Consents and disclaimers

Written consents to the issue of the Disclosure Documents have been given, and at the time of lodgement of the Disclosure Documents with ASIC, had not been withdrawn by the following parties:

- KPMG Corporate Finance has given, and has not withdrawn prior to the lodgement of the Disclosure Documents with ASIC, its written consent to be named in the Disclosure Documents as the Independent Expert appointed by APPF and Aspen Group in relation to the Merger in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Explanatory Memorandum of its Independent Expert's Report and the references to its Independent Expert's Report in the form and context in which they are included;
- PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn prior to the lodgement of the Disclosure Documents with ASIC, its written consent to be named in the Disclosure Documents as Investigating Accountant to APPF and Aspen Group in relation to the Merger in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Explanatory Memorandum of its Investigating Accountant's Report and the references to its Investigating Accountant's Report in the form and context in which they are included;
- King & Wood Mallesons has given, and has not withdrawn prior to the lodgement of the Disclosure Documents with ASIC, its written consent to be named in the Disclosure Documents as legal adviser and taxation adviser to APPF and Aspen Group in relation to the Merger in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Explanatory Memorandum of its Taxation Report and the references to its Taxation Report in the form and context in which it is included;
- Link Market Services Limited has given, and has not withdrawn prior to the lodgement of the Disclosure Documents with ASIC, its written consent to be named in the Disclosure Documents as the Aspen Group Registry and the APPF Registry in the form and context in which it is named; and
- UBS AG, Australia Branch has given, and has not withdrawn prior to the lodgement of the Disclosure Documents with ASIC, its written consent to be named in the Disclosure Documents as financial adviser to Aspen Group in relation to the Merger in the form and context in which it is named.

12.15 Directors' consent as to lodgement

The Disclosure Documents are authorised by each current and proposed APPF Director and each Aspen Group Director, each of whom has given (and not withdrawn) their consent to lodgement of the Disclosure Documents with ASIC.

13. Glossary

Set out below are definitions of certain terms used in this Explanatory Memorandum. The Independent Expert's Report also uses defined terms which may, or may not, be the same as those below. Any defined terms used in the Independent Expert's Report can be found in Annexure A of the Independent Expert's Report.

Term	Meaning
$ or A$	Australian dollars, the lawful currency of the Commonwealth of Australia.
AASB	Australian Accounting Standards Board.
AFML	Aspen Funds Management Limited (ABN 48 104 322 278, AFSL 227933), the Manager and responsible entity of APPT and APT, and which is wholly owned by AGL.
AFSL	Australian Financial Services Licence.
AGL	Aspen Group Limited (ABN 50 004 160 927).
AGL Deed Poll	the AGL Deed Poll executed by AGL, annexed to this Explanatory Memorandum as Annexure F(1).
AGL First Court Hearing	the hearing of the application made to the Court for orders under section 411(1) of the Corporations Act to convene the AGL Scheme Meeting.
AGL Scheme	a scheme of arrangement under Part 5.1 of the Corporations Act between AGL and each AGL shareholder, the deed poll for which is annexed to this Explanatory Memorandum as part of Annexure E.
AGL Scheme Meeting	the meeting of the AGL shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider the AGL Scheme Resolutions.
AGL Scheme Meeting Proxy Form	the pink proxy form for the AGL Scheme Meeting accompanying the Notice of Scheme Meeting – Aspen Group Limited.
AGL Second Court Hearing	hearing at which AGL applies to the Court to seek the approval of the Court to the AGL Scheme under section 411(4)(b) of the Corporations Act.
AGL share	an ordinary share in AGL.
APPF	Aspen Parks Property Fund, comprising APPML and APPT.
APPF Board	the board of directors of APPML and the board of directors of AFML (in its capacity as responsible entity of APPT).
APPF Director	each member of the APPF Board.
APPF Election Date	(for APPF securityholders only) the final date and time to lodge APPF Election Forms, being 5.00pm Wednesday, 25 November 2015.
APPF Election Form	(for APPF securityholders only) the election form accompanying this Explanatory Memorandum.
APPF General Meetings	the extraordinary general meetings of APPF securityholders, convened by the Notices of General Meeting – APPF.
APPF General Meetings Proxy Form	the yellow proxy form for the APPF General Meetings accompanying the Notices of General Meeting – APPF.
APPF BC	the committee of APPF Directors comprising Mr Hugh Martin (during the period he was a member of the APPF Board), Mr Clive Appleton and Mr Reg Gillard, which has been established to represent the interests of APPF securityholders when assessing the commercial terms of the Merger, and to assess the merit of alternative proposals.
APPF Meetings	the extraordinary general meetings of APPF securityholders (at which APPF securityholders will vote on the APPF Resolutions) and the APPML Scheme Meeting.
APPF Notices of Meeting	the Notices of General Meeting – Aspen Parks Property Fund and Notice of Scheme Meeting – Aspen Parks Property Management Limited.

Term	Meaning
APPF Properties	the accommodation parks owned by APPF and/or managed by AFML on behalf of APPF.
APPF Proxy Forms	the APPML Scheme Meeting Proxy Form and the APPF General Meetings Proxy Form.
APPF Register	the register of APPF securityholders maintained by or on behalf of APPF in accordance with section 168(1) of the Corporations Act.
APPF Registry	Link Market Services Limited.
APPF Resolutions	resolutions that APPF securityholders will be asked to vote on at the APPF Meeting, and which must be approved for the Merger to proceed.
APPF Security	an existing stapled security in APPF, comprising one APPML share and one APPT unit.
APPF Securityholder	a holder of an APPF security.
APPF Securityholder Booklet	the Aspen Parks Property Fund Securityholder Booklet dated on the date of this Explanatory Memorandum and issued in connection with the Merger.
APPF Special Distribution	distribution payable to APPF securityholders for the period from 1 December 2015 to the Record Date (inclusive of both dates).
APPML	Aspen Parks Property Management Limited (ABN 91 096 790 331).
APPML Deed Poll	the APPML Deed Poll executed by APPML, annexed to this Explanatory Memorandum as Annexure F(3).
APPML Director Appointment Resolutions	has the meaning given in Section 11.2 of this Explanatory Memorandum.
APPML First Court Hearing	the hearing of the application made to the Court for orders under section 411(1) of the Corporations Act to convene the APPML Scheme Meeting.
APPML Scheme	a scheme of arrangement under Part 5.1 of the Corporations Act between APPML and each APPML shareholder, the deed poll for which is annexed to this Explanatory Memorandum as part of Annexure E.
APPML Scheme Meeting	the meeting of the APPML shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider the APPML Scheme Resolutions.
APPML Scheme Meeting Proxy Form	the pink proxy form for the APPML Scheme Meeting accompanying the Notice of Scheme Meeting – Aspen Parks Property Management Ltd.
APPML Second Court Hearing	hearing at which APPML applies to the Court to seek the approval of the Court to the APPML Scheme under section 411(4)(b) of the Corporations Act.
APPML share	an ordinary share in APPML.
APPT	Aspen Parks Property Trust (ARSN 108 328 669).
APPT RE	AFML in its capacity as responsible entity of APPT.
APPT RE Deed Poll	the APPT RE Deed Poll executed by APPT RE, annexed to this Explanatory Memorandum as Annexure F(4).
APPT Trust Scheme	has the meaning given in the APPML Scheme.
APPT unit	an ordinary unit in APPT.
APT	Aspen Property Trust (ARSN 104 807 767).
APT RE	AFML in its capacity as responsible entity of APT.
APT RE Deed Poll	the APT RE Deed Poll executed by APT RE, annexed to this Explanatory Memorandum as Annexure F(2).
APT Trust Scheme	has the meaning given in the AGL Scheme.
APT unit	a unit in APT.
Aspen Group	Aspen Group, comprising AGL and APT.
Aspen Group Board	the board of directors of AGL and the board of directors of AFML (in its capacity as responsible entity of APT).
Aspen Group Director	each member of the Aspen Group Board.
Aspen Group Entity	each of AGL and APT.
Aspen Group General Meetings	the extraordinary general meetings of Aspen Group securityholders, convened by the Notices of General Meeting – Aspen Group.
Aspen Group General Meetings Proxy Form	the yellow proxy form for the Aspen Group General Meetings accompanying the Notices of General Meeting – Aspen Group.

Term	Meaning
Aspen Group Meetings	the Aspen Group General Meetings and the AGL Scheme Meeting.
Aspen Group Notices of Meeting	the Notices of General Meeting – Aspen Group and Notice of Scheme Meeting – Aspen Group Limited.
Aspen Group Properties	accommodation parks owned by Aspen Group and/or managed by AFML on behalf of Aspen Group.
Aspen Group Proxy Forms	the AGL Scheme Meeting Proxy Form and the Aspen Group General Meetings Proxy Form.
Aspen Group Register	the register of Aspen Group securityholders maintained by or on behalf of Aspen Group in accordance with section 168(1) of the Corporations Act.
Aspen Group Registry	Link Market Services Limited.
Aspen Group Resolutions	the resolutions that Aspen Group securityholders will be asked to vote on at the Aspen Group Meeting, and which must be approved for the Merger to proceed.
Aspen Group security	an existing stapled security in Aspen Group, comprising one AGL share and one APT unit.
Aspen Group securityholder	a holder of an Aspen Group security.
Aspen Group Securityholder Booklet	the Aspen Group Securityholder Booklet dated on the date of this Explanatory Memorandum and issued in connection with the Merger.
Aspen Group Special Distribution	distribution payable to Aspen Group securityholders for the period from 1 July 2015 to the Record Date (inclusive of both dates) based on the Record Date.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Securities Exchange Limited or the market conducted by it, as the context requires.
ASX Guidelines	the Corporate Governance Principles and Recommendations (3rd Edition) published by the ASX Corporate Governance Council.
ATO	the Australian Taxation Office.
AWST	Australian Western Standard Time, being the time in Perth, Australia.
Business Day	a business day for the purposes of the Listing Rules.
Buy-back Resolution	has the meaning given in Section 11.2 of this Explanatory Memorandum.
Capital Rebalancing Resolutions	has the meaning given in Section 11.2 of this Explanatory Memorandum.
Capital Reduction Resolution	has the meaning given in Section 11.2 of this Explanatory Memorandum.
Cash Option	the option by APPF securityholders to elect to receive cash rather than Merged Group Securities as Merger Consideration, subject to a cap of $35 million.
CEO	Chief Executive Officer.
CGT	Australian capital gains tax.
CHESS	the Clearing House Electronic Subregister System, which provides for electronic share transfer in Australia.
Common Terms Deed	the Common Terms Deed described in Section 8.9.1 of this Explanatory Memorandum.
Consolidation Resolution	has the meaning given in Section 11.2 of this Explanatory Memorandum.
Constitution Amendment Resolution	has the meaning given in Section 11.2 of this Explanatory Memorandum.
Code of Conduct	the Code of Conduct to be adopted by the Merged Group Board.
Corporations Act	the Corporations Act 2001 (Cth).
Court	the Supreme Court of New South Wales
CPI	Consumer Price Index.
DA	development application.
Director	an APPF Director or an Aspen Group Director, as applicable.
Disclosure Documents	the Explanatory Memorandum, the APPF Securityholder Booklet and the Aspen Group Securityholder Booklet.
DPS	distribution per security.
EBITDA	earnings before interest, tax, and depreciation and amortisation.

Term	Meaning
Effective	the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Schemes.
Effective Date	the date on which the Merger becomes effective and the last date of trading of Aspen Group securities on the ASX, expected to be 7 December 2015.
Explanatory Memorandum	this explanatory memorandum in respect of the Merger, dated 19 October 2015.
Fair market value	the fair market value of a security as determined by the Independent Expert.
FOS	Financial Ombudsman Service Limited.
FY	a financial year, being a period of 12 months ending on 30 June each year.
General Meetings	the extraordinary general meetings of AGL shareholders and APT unitholders, and APPML shareholders and APPT unitholders, the notices for which are set out in Annexure A of the Aspen Group Securityholder Booklet and in Annexure A of the APPF Securityholder Booklet.
General Meetings Resolutions	each of the Capital Reduction Resolutions, the Constitution Amendment Resolutions, the Proposal Approval Resolutions, the Stapling Deed Resolutions, the Consolidation Resolutions and the Buy-back Resolution to be considered by Aspen Group and APPF Securityholders (as relevant) at the General Meetings.
Hardship Facility	the hardship facility described in Section 5.2.4 of this Explanatory Memorandum.
IFRS	International Financial Reporting Standards.
Implementation Date	the date on which the Merger is implemented, expected to be 15 December 2015.
Independent Aspen Group Directors	Mr Frank Zipfinger, Mr Guy Farrands, Mr John Carter.
Independent Expert	KPMG Corporate Finance.
Ineligible Foreign Securityholder	an APPF securityholder or an Aspen Group securityholder on the Record Date whose address on the relevant register is outside Australia or New Zealand.
Ineligible Foreign Securities	Merged Group Securities that cannot be issued to Ineligible Foreign Securityholders as Merger Consideration, and will instead be sold in the Sale Facility, with sale proceeds remitted in cash to Ineligible Foreign Securityholders.
Interest Cover or ICR	the interest cover ratio which financial institutions use to measure the level to which underlying cashflows cover interest costs in a given accounting period.
Investigating Accountant	PricewaterhouseCoopers Securities Ltd.
Investigating Accountant's Report	the Investigating Accountant's Report prepared by the Investigating Accountant, annexed to this Explanatory Memorandum as Annexure B.
Listing Rules	the listing rules (including the appendices) of the ASX as amended from time to time.
LTI	the long term incentives of Aspen Group.
LVR	loan to value ratio which financial institutions use to measure the level of gearing in relation to the value of their security, which can be calculated as drawn bank debt or total facility limit (sometimes net of cash) divided by the latest valuation for the relevant property.
Manager	AFML, in its capacity as the Manager of APPT and APT, as applicable.
Meeting Date	the date of the APPF Meetings and the Aspen Group Meetings.
Meetings	the APPF Meetings and the Aspen Group Meetings.
Merged Group	the group that will result from combining APPF and Aspen Group under the Merger.
Merged Group Board	the proposed board of directors of AGL, the board of directors of APPML and the board of directors of AFML (in its capacities as responsible entity of APT and APPT), as set out in Section 6.7.3.
Merged Group Properties	the combined portfolio of APPF Properties and Aspen Group Properties.
Merged Group Security	a stapled security in the Merged Group, each comprising one APPML share, one AGL share, one APPT unit and one APT unit.
Merged Group securityholders	the holder of a Merged Group Security.
Merger	the process of combining APPF and Aspen Group to create the Merged Group.
Merger Consideration	the consideration to be provided to APPF securityholders and Aspen Group securityholders under the terms of the Merger, in exchange for their holdings of, respectively, APPF securities and Aspen Group securities.

Term	Meaning
Merger Entities	APPML, AGL, APPT and APT.
Merger Implementation Deed	the agreement dated 14 September 2015 (as amended) entered into between APPML, AGL and AFML (in its capacities as responsible entity of APT and APPT), which regulates the basis on which the Merger will be implemented.
Merger Ratio	the merger ratio of 0.386 Merged Group Securities for each APPF security.
MHE	manufactured housing estate.
NAV	net asset value.
Notice of Scheme Meeting – Aspen Group Limited	the Notice of Scheme Meeting – Aspen Group Limited annexed to the Aspen Group Securityholder Booklet as Annexure A.
Notice of Scheme Meeting – Aspen Parks Property Management Limited	the Notice of Scheme Meeting – Aspen Parks Property Management Ltd (Non Aspen Group Entities) annexed as Annexure A of the APPF Securityholder Booklet.
Notices of General Meeting – Aspen Group	the Notices of General Meeting – Aspen Group annexed to the Aspen Group Securityholder Booklet as Annexure B.
Notices of General Meeting – Aspen Parks Property Fund	the Notices of General Meeting – Aspen Parks Property Fund annexed to the APPF Securityholder Booklet as Annexure B.
NTA or Net Tangible Assets	net assets less intangible assets.
Official List	the official list of ASX.
PDS	product disclosure statement.
Performance Rights Plan	the Aspen Group Performance Rights Plan dated 29 November 2010 and approved by members on 23 October 2013.
PPE	property, plant and equipment.
Pro Forma Financial Information	has the meaning given in Section 8.1 of this Explanatory Memorandum.
Proposal Approval Resolution	has the meaning given in Section 11.2 of this Explanatory Memorandum.
PwCS	PricewaterhouseCoopers Securities Ltd.
Record Date	the date and time which determines the entitlements of APPF securityholders and Aspen Group securityholders (other than Ineligible Foreign Securityholders) to participate in the Merger and receive Merger Consideration, expected to be 7.00pm (Sydney time) on 10 December 2015.
Resolutions	the General Meetings Resolutions and the Scheme Resolutions.
Sale Facility	a facility established to sell, following the Implementation Date, Sale Facility Securities via a book build or in the ordinary course of trading on the ASX, and remit the sale proceeds to Sale Facility Participants in cash.
Sale Facility Participants	there are two potential classes of Sale Facility participants: • Ineligible Foreign Securityholders; and • in the event of the Cash Option being oversubscribed, APPF securityholders who elect to have any Merged Group Securities to which they are entitled in accordance with the scale back sold in the Sale Facility.
Sale Facility Price	the average sale price achieved by the Sale Nominee in selling the Sale Facility Securities via a book build or in the ordinary course of trading on the ASX, calculated by dividing the gross sale proceeds from the sale of Sale Facility Securities by the number of Sale Facility Securities.
Sale Facility Securities	the Merged Group Securities to be sold in the Sale Facility, incorporating the Ineligible Foreign Securities and any Merged Group Securities nominated for sale in the Sale Facility by APPF securityholders in the event that the Cash Option is oversubscribed.
Sale Nominee	UBS Securities Australia Ltd (ACN 008 586 481).
Schemes	each of the AGL Scheme and APPML Scheme, as set out in Annexure E of this Explanatory Memorandum, subject to any modification made or required by the Court.

Term	Meaning
Scheme Meetings	the meeting of each of the AGL shareholders and the APPML shareholders, ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider the relevant Scheme Resolutions.
Scheme Resolutions	the resolutions contained in the Notice of Scheme Meeting – Aspen Group Limited and the Notice of Scheme Meeting – Aspen Parks Property Management Ltd (Non Aspen Group Entities), which are set out in Annexure A of the Aspen Group Securityholder Booklet and in Annexure A of the APPF Securityholder Booklet, respectively.
Second Court Hearings	the AGL Second Court Hearing and the APPML Second Court Hearing.
Securities Option	the option by APPF securityholders to elect to retain Merger Consideration in the form of Merged Group Securities, in accordance with the Merger Ratio.
Securityholder	a holder of an APPF security or an Aspen Group security.
Securityholder Booklet	the APPF Securityholder Booklet or the Aspen Group Securityholder Booklet (as applicable)
Stapled or Stapling	two or more securities, none of which may be dealt with without the others being dealt with in an identical manner and at the same time and with such restriction on dealing being denoted on the register of each stapled entity in which the securities are on issue.
Stapling Deed	a deed between AGL, AFML as responsible entity of APT and APPT and APPML to be entered into in connection with the stapling of Merged Group Stapled Securities.
Stapling Deed Resolutions	has the meaning given in Section 11.2 of this Explanatory Memorandum.
STI	the short term incentives of Aspen Group.
Taxation Report	the Australian Taxation Report prepared by King & Wood Mallesons, annexed to this Explanatory Memorandum as Annexure C.
Trusts Schemes	the APT Trust Scheme and the APPT Trust Scheme.
TSR	total securityholder return.
U.S. Person	has the meaning given in Regulation S under the U.S. Securities Act.
U.S. Securities Act	U.S. Securities Act of 1933.
Voting Record Date	7.00pm (Sydney time) on 30 November 2015 being the date and time which determines the entitlements of APPF securityholders and Aspen Group securityholders to vote on the Resolutions at their respective Meetings.
VWAP	volume weighted average price.
WALE	weighted average lease expiry.
Withdrawal Offer	an offer made by the Manager to APPF securityholders to withdraw and redeem their investment.

Annexure A
Independent Expert's Report

KPMG Corporate Finance
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The Directors
Aspen Group Limited, Aspen Parks Property Management Limited, Aspen Funds Management Ltd as responsible entity of Aspen Parks Property Trust and Aspen Funds Management Ltd as responsible entity of Aspen Property Trust
Level 18, 9 Hunter Street
Sydney NSW 2000

22 October 2015

Dear Directors

INDEPENDENT EXPERT REPORT AND FINANCIAL SERVICES GUIDE

PART ONE – INDEPENDENT EXPERT REPORT

1 Introduction

On 14 September 2015, Aspen Group (Aspen Group) and Aspen Parks Property Fund (APPF) announced that they had entered into a Merger Implementation Deed (MID) whereby it is proposed they merge by way of two court approved Schemes of Arrangements[1] to create a quadruple stapled group (Merged Group) (Proposed Merger).

Under the Proposed Merger:

- APPF securityholders (excluding Aspen Group) may elect to receive either scrip, cash or a combination thereof as follows:
  - Scrip Option: APPF securityholders will receive 0.386 Merged Group securities[2] (Merger Ratio) for each APPF security.
  - Cash Option: APPF securityholders will receive cash of $0.52[3] per APPF security, subject to an overall cap of $35 million and pro-rata scale back. In the event that a scale-

[1] This comprises the AGL Scheme for Aspen Group securityholders and the APPML Scheme for APPF securityholders

[2] A Merged Group Security will consist of one APPML share, one AGL share, one APPT unit and one APT unit

[3] All amounts in this report are denominated in Australian dollars unless otherwise stated.

back occurs, APPF securityholders who receive Merged Group securities will have the option of selling these securities via a sale facility

- Scrip and Cash Option: a combination of the Scrip Option and the Cash Option

(the APPML Scheme)

- Aspen Group securityholders will receive one Merged Group security for each Aspen Group security (the AGL Scheme).

Further details in relation to the Proposed Merger are set out in Section 6 of this report.

Aspen Group is an Australian Stock Exchange (ASX) listed stapled property group comprising Aspen Group Limited (AGL) and Aspen Property Trust (APT). Aspen Group is focused on owning, managing and developing value for money accommodation across Australia. At 30 June 2015, Aspen Group managed 26 properties[4] with a combined asset value of $250 million. Its largest single asset is a 42% interest in APPF.

APPF is an unlisted stapled property group comprising Aspen Parks Property Management Limited (APPML) and Aspen Parks Property Trust (APPT). APPF owns 21 accommodation parks across Australia valued at $189 million. Aspen Group holds the management rights over APPF via its wholly owned subsidiary, Aspen Funds Management Ltd (AFML). AFML is the responsible entity of APPT as well as APT.

The Directors of AGL, APPML, AFML as responsible entity of APT, and AFML as responsible entity of APPT have requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance) to prepare an Independent Expert Report (IER), setting out whether, in separate opinions, the Proposed Merger is in the best interests of Aspen Group securityholders and APPF securityholders.

In forming our opinion, we have considered the proposal made available to a limited number of APPF securityholders whereby Discovery Parks Group (Discovery) would acquire APPF securities for cash consideration of $0.55 per APPF security. The proposal has minimum and maximum acceptance thresholds of 15% and 19.9% respectively (Discovery Proposal). More information on the Discovery Proposal is outlined in Section 6.4.

This report outlines KPMG Corporate Finance's opinion as to the merits or otherwise of the Proposed Merger from the perspective of Aspen Group securityholders and APPF securityholders respectively. This report should be considered in conjunction with and not independently of the information set out in the Explanatory Memorandum and Securityholder Booklets.

Further information regarding KPMG Corporate Finance as it pertains to the preparation of this report is set out in Section 7 of this report.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

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[4] Including properties owned by APPF based on proforma accounts.

2 Requirement for our report

The Directors of AGL, APPML, AFML as responsible entity of APT, and AFML as responsible entity of APPT have requested KPMG Corporate Finance to prepare a report in accordance with Section 411 of the Corporations Act (Act) and the guidance provided by the Australian Securities and Investments Commission (ASIC).

Section 411(3) of the Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement under Section 411 of the Act include information that is material to the making of a decision by a creditor or member as to whether or not to agree with the relevant proposal. Part 3 Schedule 8 of the Corporations Regulations specifies that the information to be lodged with ASIC must include a report prepared by an expert:

- if the other party to a reconstruction in a scheme of arrangement holds at least 30% of the company; or
- where the parties to the reconstruction have common Directors.

The report prepared by the expert must state whether, in the expert's opinion, the proposed scheme of arrangement is in the best interests of the members of the body as a whole and set out the expert's reason(s) for forming that opinion.

Since Aspen Group holds a 42% interest in APPF, KPMG Corporate Finance has been requested to prepare an IER outlining whether in its opinion, the Proposed Merger is:

- in the best interests of Aspen Group securityholders in relation to the AGL Scheme.
- in the best interests of APPF securityholders in relation to the APPML Scheme.

Further details regarding the basis of assessment of the IER are set out in Section 7.2 of this report.

3 Opinion for Aspen Group securityholders

In our opinion, we consider the AGL Scheme to be **in the best interests of Aspen Group securityholders**.

Our assessment has been based on applying the 'fairness and reasonableness' tests as per ASIC Regulatory Guide (RG) 111 (refer Section 7.2 for more detail). More specifically, we have assessed whether the AGL Scheme is:

- *fair*, by comparing our assessed value of the consideration paid to our assessed value of an APPF security. In this respect, Aspen Group is paying an appropriate level of premium to the adjusted net tangible assets (NTA) of APPF and net asset value (NAV) of APPF. We consider the control value of APPF exceeds both our adjusted NTA and APPF's NAV having regards to the premiums to NTA observed for recent acquisitions of Australian Real Estate Investment Trusts (A-REIT), trading prices in comparable listed A-REITs and the operating synergies expected to be available to acquirers of APPF. On this basis, we consider the AGL Scheme to be fair for Aspen Group securityholders

- *reasonable*, by assessing the implications of the AGL Scheme for Aspen Group securityholders, the available alternatives to the AGL Scheme, and the consequences of Aspen Group securityholders not approving the AGL Scheme. Since the AGL Scheme is fair, it is reasonable under RG 111. Despite this, we consider that in any event, the overall advantages of the AGL Scheme outweigh its disadvantages and therefore conclude that the AGL Scheme to be reasonable irrespective of our fairness opinion.

Since we have concluded that the AGL Scheme is fair and reasonable, we also conclude that the AGL Scheme is in the best interests of Aspen Group securityholders, consistent with the guidance outlined in RG 111.

Our assessment of fairness and reasonableness is outlined in Sections 3.1 and 3.2 below respectively.

It should be noted that the Proposed Merger may not proceed notwithstanding that the AGL Scheme is approved, as it is also dependent on APPF securityholders approving the APPML Scheme which may not eventuate, and the extent to which Discovery obtains a sufficient interest under the Discovery Proposal to allow it to block the APPML Scheme from proceeding. In undertaking our assessment, we have assumed that all conditions to the Proposed Merger proceeding which are outside the control of Aspen Group securityholders (particularly the approval of the APPML Scheme) have been satisfied.

The decision to approve the AGL Scheme or not, is a matter for individual Aspen Group shareholders based on their views as to value, expectations about future market conditions and their particular circumstances including investment strategy and portfolio, risk profile and tax position. Aspen Group securityholders should consult their own professional advisor, if in doubt, regarding the action they should take in relation to the AGL Scheme.

3.1 *The AGL Scheme is fair*

A fairness assessment is purely a quantitative one, whereby the consideration paid is compared to the fair value of the asset acquired. Aspen Group is effectively obtaining control of APPF and therefore is the acquirer. From an acquirer's perspective, a transaction is considered fair if the acquirer does not pay more than the assessed fair value of the asset acquired.

In the case of the Proposed Merger, Aspen Group is offering a combination of Aspen Group securities and cash in return for 58% of APPF. As Aspen Group will obtain control of APPF, we have assessed APPF on a control basis. With respect to the consideration offered, the scrip component would result in APPF securityholders (excluding Aspen Group) holding a minority interest in the Merged Group[5] and therefore, we have valued Aspen Group securities on a minority interest basis.

[5] Between 19% and 32% based on full cash uptake and full scrip scenarios respectively.

Outlined in the table below is a comparison of our assessment as to the value of the consideration offered of between $0.46 to $0.50 per APPF security to be acquired to the adjusted NTA value of an APPF security and also to APPF's proforma NAV per security.

Table 1: Fairness assessment

Assessed value of an Aspen Group security			$1.20		$1.25	
$ / security	Section Ref.		100% Scrip	Full Uptake Cash	100% Scrip	Full Uptake Cash
Total Consideration	11.3	A	0.46	0.49	0.48	0.50
Adjusted NTA of APPF security	11.2	B	0.44	0.44	0.44	0.44
Premium paid ($)		C=A-B	0.02	0.05	0.04	0.06
Premium paid (%)		D=A/B-1	5%	11%	9%	14%
Proforma APPF NAV	9.6	E	0.46	0.46	0.46	0.46
Premium paid ($)		F=A-E	0.00	0.03	0.02	0.04
Premium paid (%)		G=A/E-1	0%	7%	4%	9%

Source: KPMG Corporate Finance Analysis

The analysis above indicates that Aspen Group is paying a premium to both the adjusted NTA and proforma NAV of an APPF security. We also note that on a 'like-for-like' basis (ie. consideration based on Aspen Group's adjusted NTA of $1.14[6] and assessed value of APPF security based on adjusted NTA of $0.44), the premium paid is in the order of nil to 9% on a full scrip and full cash uptake basis respectively.

We consider that the control value of APPF exceeds both the adjusted NTA and proforma NAV for the following reasons:

- recent transactions of passive A-REITs[7] have occurred in the range of 1.1% to 16.1% over reported NTA (refer Appendix 4), with the more recent transactions occurring at the upper end of the range
- comparable A-REITs are currently trading at premia of up to 20% to reported NTA (refer Appendix 4)
- the Discovery Proposal, notwithstanding it is for a non-controlling position, is priced at a 20% premium to APPF's proforma NAV
- there are $1.7 million in synergistic benefits that are expected to be achieved from the Proposed Merger which are not reflected in our adjusted NTA above and are largely available to acquirers of APPF. As these are largely cost-based synergies, we consider there

[6] Refer Section 11.3.2

[7] Passive A-REITs are considered to have minimal property development activities. Recent transactions since December 2013 comprise Folkestone Social Infrastructure, Mirvac Industrial Trust, Challenger Diversified Property Group and Commonwealth Property Office Fund

to be a high degree of certainty that they will be achieved. Inclusion of these synergies would effectively reduce the premium paid.

On the basis of the factors outlined above, we consider the level of premium paid to be appropriate and therefore the AGL Scheme to be fair for Aspen Group securityholders.

3.2 *The AGL Scheme is reasonable*

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the AGL Scheme to be fair, the AGL Scheme is deemed to be reasonable. However, irrespective of the statutory obligation to conclude that the AGL Scheme is reasonable because it is fair, we have also considered a range of factors which on balance, support a reasonableness conclusion in isolation of a fairness opinion.

Whilst the fairness test is a quantitative exercise, assessing reasonableness is largely a qualitative one and typically involves the consideration of a range of factors, which in the context of the AGL Scheme, predominantly relate to:

- advantages and disadvantages of the Proposed Merger
- alternatives available to Aspen Group
- implications if the AGL Scheme is not approved and the Proposed Merger does not proceed.

A reasonableness assessment requires a level of judgement to assess each factor in isolation, but then conclude after considering the factors in combination. In this regard, we consider the AGL Scheme **to be reasonable to Aspen Group securityholders** on the basis that the advantages outweigh the disadvantages, as outlined below.

Advantages

Key advantages to the AGL Scheme include:

- **Aspen Group would obtain control over its main investment, which is fundamental to its overall strategy.** Given the strategic direction of Aspen Group is to focus on value for money accommodation, its 42% interest in APPF essentially becomes the primary pillar of its business. Without this investment, the rationale for operating as a standalone listed entity would be significantly impacted. On this basis, it is important for Aspen Group to have full control over APPF, as it is currently constrained by the interests of APPF securityholders, which at times, may conflict with its own objectives. The Proposed Merger enables Aspen Group to obtain control over APPF and build a stronger foundation for growth.
- **The Proposed Merger will allow Aspen Group to complete a structural simplification of the business, in particular resolving the ownership and governance structure, which in its current form, is complicated and achieves minimal economic benefit.** Aspen Group's corporate structure comprises layers of ownership and governance which does not add to the economic performance of the underlying properties. More specifically, Aspen Group does not control its main investment (ie. APPF) which it manages externally. The

management arrangement creates perceived conflicts, as well as impediments to undertaking any material change in the portfolio owing to conflicting interests which arise between Aspen Group and APPF.

This is evidenced by both the Entitlement Offer in 2014 and the current Proposed Merger which requires the Aspen Group Board to form two board committees to protect the rights of each set of securityholders.

In addition, by simplifying the ownership and governance structure, the Merged Group would represent a cleaner investment opportunity not only to Aspen Group securityholders, but potential acquirers resulting in a possible premium being reflected in the trading price.

- **Aspen Group securityholders will hold an investment in a larger business which should lead to increased liquidity and improved access to capital markets.** All other things being equal, larger businesses tend to be more liquid investments then their smaller peers owing to their tendency for larger free-floats, lower operating risk given the more diversified nature of their operations, and lower earnings volatility. Further, liquid investments tend to be more attractive to capital markets as liquidity reduces investment risk, which increases the propensity of capital to be invested not only from equity investors, but from debt investors as well given the company's ability to call on equity capital to address any impending covenant issues which may arise.
- **Aspen Group will achieve scale efficiently, with minimal business interruption given its existing knowledge of the assets.** The Proposed Merger would allow Aspen Group to increase in size by increasing its investment in the underlying properties in which it already holds a 42% indirect interest. Given its existing knowledge of the assets, Aspen Group would not need to incur transaction related costs such as due diligence and other advisor fees prior to obtaining control of these assets, nor will it incur materially higher costs to manage the assets. In addition, Aspen Group would achieve a significant reduction in transaction costs such as stamp duty by acquiring APPF as opposed to acquiring each of APPF's properties individually. This generates synergistic benefits, both financially and operationally, which are unlikely to arise if Aspen Group decides to achieve similar scale by acquiring new properties.
- **the Proposed Merger is accretive to Aspen Group securityholders on an earnings per security and distribution per security basis.** Assuming full uptake of the Cash Option, the Proposed Merger is expected to be 54% accretive to earnings and 28% accretive to distributions on a per security basis. On a 100% Scrip Option basis, the accretion will be 44% to earnings and 28% accretive to distributions. Such accretion is in part driven by the synergistic benefits expected to be realised from the Proposed Merger, including the elimination of cost duplication associated with managing two different groups of securityholders as well as maintaining separate legal entities and governance structures.

Disadvantages

Whilst there are disadvantages associated with the AGL Scheme, we consider these to be outweighed by the advantages outlined above. These disadvantages include:

- the Proposed Merger is NAV dilutive, with NAV per security falling from $1.26[8] per Aspen Group security to between $1.19 and $1.20 per Merger Group security on a full cash, full scrip basis respectively. This is in part driven by transaction costs and a premium paid to APPF, costs of which typically are incurred when undertaking any acquisition. Despite this, the Merged Group is expected to generate operational synergies which supports the 28% accretion in distributions per security paid[9] which will not occur should the Proposed Merger not proceed
- the gearing of the Merged Group (39% and 27% on a full cash and full scrip basis respectively) will be materially higher than Aspen Group's proforma level on a deconsolidated basis (1.7%). This is a consequence of the elimination of Aspen Group's equity investment in APPF, APPF's higher gearing levels and the use of debt towards funding the cash consideration under the Cash Option
- in undertaking the Proposed Merger, management have estimated that $7.0 million in transaction costs (refer Section 6.3) will be incurred. In the event the Proposed Merger does not proceed, Aspen Group will still incur $1.5 million[10]. Despite this, it is unlikely that any transaction designed to simplify the ownership and governance structure of Aspen Group will not incur costs, and therefore such costs are in effect, unavoidable irrespective of what alternative is chosen.

3.2.1 Other considerations

In forming our opinion, we have also considered a number of other factors as outlined below. Whilst we do not necessarily consider these to impact our assessment of the reasonableness of the AGL Scheme, we consider it necessary to address these considerations in arriving at our opinion:

- the Proposed Merger may not proceed notwithstanding the AGL Scheme is approved, as it is also dependent on APPF securityholders approving the APPML Scheme which may not eventuate, and the extent to which Discovery obtains a sufficient interest under the Discovery Proposal to allow it to block the APPML Scheme from proceeding
- foreign investors (outside of Australia and New Zealand) are not eligible to participate in the AGL Scheme. Consequently, any Aspen Group securities held will be sold via a sale facility, with proceeds payable to foreign investors in cash. Foreign investors can still acquire securities in the Merged Group on the ASX, but will likely incur brokerage costs. Foreign investors represent approximately 0.4% of Aspen Group's listed capital

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[8] Deconsolidated basis

[9] Applicable for both full cash uptake and full scrip scenarios

[10] $0.5 million was recognised in FY15

- based on specialist advice provided to Aspen Group, the Proposed Merger will give rise to a capital gains tax (CGT) event for Aspen Group securityholders. More information can be found in the Explanatory Memorandum.

3.2.2 *Consequences if the Proposed Merger does not proceed*

In the event the AGL Scheme is not approved, or any conditions precedent prevent the AGL Scheme from being implemented, the Proposed Merger will not proceed and Aspen Group will continue to operate in its current form and remain listed on the ASX. As a consequence:

- Aspen Group will continue to operate as a standalone entity and execute on its strategy as set out in Section 8.4 of this report
- Aspen Group securityholders will continue to be exposed to the benefits and risks associated with an investment in APPF and any subsequent transaction it may undertake to address the current structural issues. In the event Discovery obtains a material interest in APPF under the Discovery Proposal, it is likely that any future attempts to address the issues relating to the current ownership and governance structure will be further complicated
- Aspen Group's security price will likely fall to levels immediately prior to the announcement of the Proposed Merger, as Aspen Group will be unable to generate the level of synergies expected under the Proposed Merger, nor resolve the complications resulting from the current ownership and governance structure.

4 Opinion for APPF securityholders

In our opinion, we consider the APPML Scheme to be **in the best interests of APPF securityholders, in the absence of a superior proposal.**

Our assessment has been based on applying the 'fairness and reasonableness' tests as per RG 111 (refer Section 7.2 for more detail). More specifically, we have assessed whether the APPML Scheme is:

- *fair*, by comparing our assessed value of the consideration received to our assessed value of an APPF security. APPF securityholders are receiving a premium to what we consider the fair value of the investments that comprise APPF on a control basis as reflected in the adjusted NTA and proforma NAV, and that is in our view sufficient given the characteristics of APPF and consistent with other market transactions. As such we consider the APPML Scheme is fair for APPF securityholders
- *reasonable*, by assessing the implications of the APPF Scheme for APPF securityholders, the available alternatives to the APPML Scheme, and the consequences of APPF securityholders not approving the APPML Scheme. Since the APPML Scheme is fair, it is deemed to be reasonable under RG 111. Despite this, we consider that in any event, the overall advantages of the APPML Scheme outweigh its disadvantages and therefore, we consider the APPML Scheme to be reasonable irrespective of our fairness opinion.

Since we have concluded that the APPML Scheme is fair and reasonable, we also conclude that the APPML Scheme is in the best interests of APPF securityholders, consistent with the guidance outlined in RG 111.

Our assessment of fairness and reasonableness is outlined in Sections 4.1 and 4.2 below respectively.

It should be noted that the Proposed Merger may not proceed notwithstanding that the APPML Scheme is approved, as it is also dependent on Aspen Group securityholders approving the AGL Scheme which may not eventuate. In undertaking our assessment, we have assumed that all conditions to the Proposed Merger proceeding which are outside the control of APPF securityholders (particularly approval of the AGL Scheme) have been satisfied.

The decision to approve the APPML Scheme or not is a matter for individual APPF securityholders based on their views as to value, expectations about future market conditions and their particular circumstances including investment strategy and portfolio, risk profile and tax position. APPT securityholders should consult their own professional advisor, if in doubt, regarding the action they should take in relation to the APPML Scheme.

4.1 *The APPML Scheme is fair*

A fairness assessment is purely a quantitative one, whereby the consideration paid is compared to the fair value of the asset acquired. Aspen Group is effectively obtaining control of APPF and therefore is the acquirer. From the perspective of APPF securityholders (excluding Aspen

Group), a transaction is considered fair if they receive at least the fair value of their APPF securities.

Under the APPML Scheme, Aspen Group is offering a share of the Merged Group and cash in return for 58% of APPF. As Aspen Group will obtain control of APPF, we have assessed APPF on a control basis. With respect to the consideration, the scrip component would result in APPF securityholders (excluding Aspen Group) holding a minority interest in the Merged Group[11] and therefore, we have valued the Merged Group securities on a minority interest basis.

Outlined in the table below is a comparison of the consideration received under the APPML Scheme to the assessed value of an APPF security and APPF's proforma NAV.

Table 2: Fairness assessment

Assessed value of a Merged Group security			$1.30		$1.40	
$ / security	Section Ref.		100% Scrip	Full Uptake Cash	100% Scrip	Full Uptake Cash
Total Consideration	11.4	A	0.50	0.51	0.54	0.53
Adjusted NTA of APPF security	11.2	B	0.44	0.44	0.44	0.44
Premium received ($)		C=A-B	0.06	0.07	0.10	0.09
Premium received (%)		D=A/B-1	14%	16%	23%	20%
Proforma APPF NAV	9.6	E	0.46	0.46	0.46	0.46
Premium received ($)		F=A-E	0.04	0.05	0.08	0.07
Premium received (%)		G=A/E-1	9%	11%	17%	15%

Sources: KPMG Corporate Finance Analysis

In this regard, we note APPF securityholders are receiving a premium to the adjusted NTA and proforma NAV of APPF. We consider that it is appropriate for APPF securityholders to receive a premium as notwithstanding that the adjusted NTA and NAV includes a valuation of their underlying securites, in the current market the control value of APPF exceeds both the adjusted NTA and proforma NAV for the following reasons:

- recent transactions of passive A-REITs[12] have occurred in the range of 1.1% to 16.1% over reported NTA (refer Appendix 4), with the more recent transactions occurring at the upper end of the range
- comparable A-REITs are currently trading at premia of circa 20% to reported NTA (refer Appendix 4)

[11] Between 19% and 32% based on a full cash uptake and full scrip scenarios respectively

[12] Passive A-REITs are considered to have minimal property development activities. Recent transactions since December 2013 comprise Folkestone Social Infrastructure, Mirvac Industrial Trust, Challenger Diversified Property Group and Commonwealth Property Office Fund

- the Discovery Proposal, notwithstanding it is for a non-controlling position, is priced at a 20% premium to APPF's proforma NAV and therefore evidence of what an alternative party may be prepared to pay
- there are $1.7 million in synergistic benefits that are expected to be achieved from the Proposed Merger which are not reflected in our adjusted NTA above and are largely available to acquirers of APPF. As these are largely cost-based synergies, we consider there to be a high degree of certainty that they will be achieved. Inclusion of these synergies would effectively reduce the premium paid.

Further we do not consider the Discovery Proposal is an effective alternative to the merger given it is only available to a limited number of securityholders

On the basis of the factors outlined above, we consider that APPF securityholders are appropriately compensated under the APPML Scheme and therefore the APPML Scheme is fair to APPF securityholders (excluding Aspen Group).

4.2 *The APPML Scheme is reasonable*

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the APPML Scheme to be fair, the APPML Scheme is deemed to be reasonable. However, irrespective of the statutory obligation to conclude that the APPML Scheme is reasonable because it is fair, we have also considered a range of factors which on balance, support a reasonableness conclusion in isolation of a fairness opinion.

Whilst the fairness test is a quantitative exercise, assessing reasonableness is largely a qualitative one and typically involves the consideration of a range of factors, which in the context of the APPML Scheme, predominantly relate to:

- advantages and disadvantages of the Proposed Merger
- alternatives available to APPF, in particular the Discovery Proposal
- implications if the APPML Scheme is not approved and the Proposed Merger does not proceed.

A reasonableness assessment requires a level of judgement to assess each factor in isolation, but then conclude after considering the factors in combination. Certain factors will have a greater weighting than others. In this regard, we consider the APPML Scheme **to be reasonable to APPF securityholders** on the basis that the advantages outweigh the disadvantages, as outlined below.

Advantages

Key advantages to the APPML Scheme include:

- **The APPML Scheme provides liquidity at a premium to NAV of between 9% and 17%**. This is a significant benefit of the APPML Scheme. APPF has been capital-constrained and unable to provide the liquidity requested by its investors for some time.

Aspen Group and Aspen Parks Property Fund
Independent Expert's Report
22 October 2015

Typically, such situations result in either liquidity events that are insufficient and drawn out over long periods of time as the company tries to balance the liquidity demands of departing securityholders with the capital requirements of the business going forward, or, a material transaction occurs at either a discount to NAV and/or is dilutive to securityholders as the market capitalises on the circumstances facing the company. The APPML Scheme resolves these issues in a way which is superior to any other alternative considered by a separate APPF Board Committee (APPF BC), or likely to occur considering the additional hurdles to takeover created by Aspen Group's 42% interest.

- **The APPML Scheme is a superior proposal to other options available to address the capital constraints of APPF.** Having considered and/or pursued a number of alternatives to resolve the capital constraints of the company, the APPF BC has concluded that the APPML Scheme is the most attractive option available. Further we do not consider the Discovery Proposal an effective alternative to the merger given it is only available to a limited number of securityholders.

Other alternatives considered by the APPF BC included asset sales, a wind-up of APPF, an ASX listing, equity raisings, or merging with other entities. More specifically:

- individual asset sales is a protracted process of which scale economies are progressively lost with respect to corporate overheads as these costs do not necessarily scale down in proportion to the progressive downsizing of the portfolio
- in relation to takeover offers, the APPF BC received approaches from Ingenia Communities Australia (INA) and Discovery during 2014 (refer Section 9.3 for more detail), though the offers were conditional and not formalised, and given the uncertainty of execution, were considered not fit for recommendation to APPF securityholders. Further, Aspen Group's significant influence over APPF as both investor and manager creates an additional hurdle to any takeover
- an ASX listing would be unlikely to provide better value as it would be sub-scale and/or unlikely to have sufficient trading liquidity to be included in any investable index which is key to generating and maintaining ongoing price and volume momentum required to be a successful listed company. Despite this, an ASX listing will at least provide some liquidity, more than what is currently available
- an equity raising was undertaken in 2014 via an Entitlement Offer which failed to attract sufficient interest from APPF securityholders (excluding Aspen Group) and was only successful on the basis that Aspen Group was prepared to step in as underwriter. APPF's situation has not materially changed since which would suggest APPF securityholders would not have greater appetite to participate if another equity raising was undertaken.

Whilst a superior offer may emerge, we consider this unlikely given Aspen Group's current shareholding.

- **The APPML Scheme is accretive to APPF securityholders on a distribution per security basis.** The Proposed Merger is expected to be 16% accretive to distributions on a per security basis under either scenario. Such accretion is in part driven by the synergistic benefits expected to be realised from the Proposed Merger (including the elimination of cost duplication associated with managing two different groups of securityholders as well as maintaining separate legal entities and governance structures) as well as the benefits of lower capital expenditure from Aspen Group flowing through.

- **APPF securityholders can choose to hold an investment in a larger business which should lead to increased liquidity and improved access to capital markets.** All else being equal, larger businesses tend to be more liquid investments then their smaller peers owing to larger free-floats, lower operating risk given the more diversified nature of their operations, and lower earnings volatility. Further, liquid investments tend to be more attractive to capital markets as liquidity reduces investment risk which increases the propensity of capital to be invested not only from equity investors, but from debt investors as well given the company's ability to call on equity capital to address any impending covenant issues which may arise.

  By comparison, APPF is currently an open-ended, unlisted fund which has limited liquidity and is constrained in its ability to raise capital. Further, existing investors have shown their lack of interest in investing further as evidenced by the lack of take-up in the Entitlement Offer.

- **The APPML Scheme provides APPF securityholders with the choice to either crystalise their investment in APPF, or remain invested in the sector.** Despite the historical desire for withdrawal from various APPF securityholders, some APPF securityholders may wish to remain exposed to the accommodation sector and the APPML Scheme provides this option. The Cash Option (combined with the sale facility) provides liquidity for those APPF securityholders seeking to exit, whilst at the same time, the Scrip Option allows APPF securityholders the option to remain invested in the sector. It should be noted that for the period in which APPF securityholders hold Merged Group securities either directly or via the sale facility, they will be exposed to increased price volatility of their investment, especially in light of the impact that sentiment has on the market value of their investment relative to intrinsic value as represented by the NAV.

Other advantages of the APPML Scheme include:

- APPF securityholders will share in the operational synergies expected to be achieved from the Proposed Merger, including the elimination of cost duplication associated with managing two different groups of securityholders as well as maintaining separate legal entities and governance structures
- the reduction of agency risk as management will effectively be internalised and the interests of APPF and Aspen Group would be more closely aligned. This will be partially offset by the exposure to any unforseen increase in management costs which may not otherwise apply in the current situation given the typically capped nature of external management agreements
- APPF securityholders will incur no broker or stamp duty costs by participating in the APPML Scheme.

Disadvantages

Whilst there are disadvantages associated with the APPML Scheme, we consider these to be outweighed by the advantages outlined above. These disadvantages include:

- Depending on the uptake of the Cash Option, the benefits on an earnings per security is less for APPF than on a distribution basis, and could be earnings neutral under a 100% scrip basis. Despite this, it is more accretive on a distribution per security basis as the benefits of lower capital expenditure from Aspen Group flow through
- APPF securityholders' (excluding Aspen Group) ownership of the underlying assets in APPF will fall from 58% to between 19% to 32% in the Merged Group[13]
- APPF securityholders will have increased exposure to non-core assets (particularly Spearwood South) and the risks relating to the divestment of this asset
- APPF securityholders who retain securities in the Merged Group will only receive distributions on a half yearly rather than a monthly basis which may not align with their cash flow requirements. Offsetting this is that APPF securityholders will benefit directly from the increased distribution arising
- in undertaking the Proposed Merger, management have estimated that $7.0 million in transaction costs will be incurred. In the event the Proposed Merger does not proceed, APPF will still incur $0.8 million[14]. Despite this, it is unlikely that any transaction designed to resolve the capital constraints of APPF will not incur costs, and therefore such costs are in effect, unavoidable irrespective of what alternative is chosen.

4.2.1 *Other considerations*

In forming our opinion, we have also considered a number of other factors as outlined below. Whilst we do not necessarily consider these to impact our assessment of the reasonableness of the APPML Scheme, we consider it necessary to address these considerations in arriving at our opinion:

- the Proposed Merger may not proceed in the event the APPML Scheme is approved, as it is also dependent on Aspen Group securityholders approving the AGL Scheme which may not eventuate. Given the premium paid by Aspen Group, Aspen Group securityholders may decide to reject the AGL Scheme despite the advantages of the Proposed Merger
- foreign investors (outside of Australia and New Zealand) are not eligible to participate in the APPML Scheme. Consequently, any APPF securities held will be sold via a sale facility, with proceeds payable to foreign investors in cash. Foreign investors can still acquire securities in the Merged Group on the ASX, but will likely incur brokerage costs. Foreign investors represent approximately 0.1% of APPF's issued capital

[13] Range based on a full cash uptake and full scrip scenarios respectively
[14] $0.3 million was recognised in FY15

- based on specialist advice provided to APPF, the Proposed Merger will give rise to a CGT event for APPF securityholders. More information can be found in the Explanatory Memorandum.

4.2.2 Consequences if the Proposed Merger does not proceed

In the event the APPML Scheme is not approved, or any conditions precedent prevent the APPML Scheme from being implemented, the Proposed Merger will not proceed and APPF will continue to operate in its current form. As a consequence:

- APPF will continue to operate as a standalone entity and be managed by Aspen Group
- APPF securityholders' will continue to be exposed to the benefits and risks associated with an investment in APPF. In the event Discovery obtains a material interest in APPF under the Discovery Proposal, it is likely that any future attempts to address the issues relating to the current ownership and governance structure will be further complicated
- APPF will be yet to resolve its capital constraints, with a capital structure review expected to be undertaken including an assessment of the amount and timing of future withdrawal offers. In the event of no alternative proposal emerging, it is likely that APPF will continue to rely on Aspen Group for additional equity capital requirements.

5 Other matters

In forming our opinion, we have considered the interests of Aspen Group securityholders as a whole and APPF securityholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual Aspen Group securityholders or individual APPF securityholders. It is not practical or possible to assess the implications of the Proposed Merger on individual securityholders as their financial circumstances are not known. The decision of Aspen Group securityholders and APPF securityholders as to whether or not to approve the Proposed Merger is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual securityholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual securityholders including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting Aspen Group securityholders and APPF securityholders in considering the Proposed Merger. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

All currency amounts in this report are denominated in Australian dollars unless otherwise stated.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Explanatory Memorandum and Securityholder Booklets to be sent to Aspen Group securityholders and APPF securityholders in relation to the Proposed Merger, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Explanatory Memorandum.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Ian Jedlin	Jason Hughes
Authorised Representative	Authorised Representative

Contents

The remainder of this report is set out below under the following headings.

6 The Proposed Merger

6.1 *Overview*

In May 2015, Aspen Group made an unsolicited and confidential, incomplete and non-binding expression of interest to merge with APPF. Given the potential conflict arising from Aspen Group's 42% ownership interest in APPF, combined with common directors, a separate Board Committee was established for each entity to assess the impact of a proposed merger. Negotiations ensued, which subsequently led to the announcement on 14 September 2015 of the Proposed Merger under which it is proposed that Aspen Group and APPF merge by way of two court approved Schemes of Arrangement to create a quadruple stapled group. The two Schemes of Arrangement comprise the APPML Scheme presented to APPF securityholders and the AGL Scheme presented to Aspen Group securityholders.

Under the Proposed Merger:

- APPF securityholders (excluding Aspen Group) may elect to receive either scrip, cash or a combination thereof as follows:
  - Scrip Option: APPF securityholders will receive 0.386 Merged Group securities for each APPF security. Since the Merged Group security will be listed, the value of consideration under the Scrip Option is subject to change. A Merged Group security will consist of one APPML share, one AGL share, one APPT unit and one APT unit. The Scrip Option represents the default option
  - Cash Option: APPF securityholders will receive cash of $0.52 per APPF security[15], subject to an overall cap of $35 million and pro-rata scale back. In the event that a scale-back occurs, APPF securityholders who receive Merged Group securities will have the option of selling these securities via a sale facility. Under the sale facility, sale proceeds will be generated by way of book build or via ordinary trading and will be payable in cash
  - Scrip and Cash Option: a combination of the Scrip Option and the Cash Option

  (the APPML Scheme).
- Aspen Group securityholders will receive one Merged Group security for each Aspen Group security held as at the Record Date[16] (the AGL Scheme).

Aspen Group securityholders and APPF securityholders will be entitled to their respective distributions until the Record Date (10 December 2015), with a final distribution expected to be paid on 31 December 2015 for APPF and 25 February 2016 for Aspen Group. The Merged Group distributions for 2H16 is forecast to be 6.0 cents per Merged Group security, equating to 12.0 cents for FY16 on an annualised basis.

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[15] Equivalent to a price of $1.347 per Aspen Group security

[16] 8 December 2015

Deal protection measures are in place for both Aspen Group and APPF during an exclusivity period, which restrict Aspen Group and APPF from:

- soliciting an approach in relation to a competing transaction, and
- discussing, negotiating or entering into a competing transaction, or providing a person with due diligence access, subject to each Board's fiduciary and statutory obligations.

6.2 *Conditions of the Proposed Merger*

For the Proposed Merger to be completed, a number of conditions must be satisfied. A summary of these is set out below:

- customary regulatory approvals (including ASIC and ASX approvals) and court approval of the AGL and APPML schemes of arrangement and the APT and APPT trust schemes
- Aspen Group and APPF securityholder approval of the AGL and APPML schemes of arrangement, respectively (75% of votes cast; more than 50% of securityholders approving)
- no material adverse change in Aspen Group or APPF
- the representations and warranties of each of Aspen Group and APPF given under the MID remaining true and correct
- admission of existing APPF entities to listing and approval for quotation of new Merged Group securities, and
- an independent expert opinion that the Proposed Merger is in the best interests of Aspen Group securityholders, as well as APPF securityholders.

6.3 *Costs of the Proposed Merger*

The total transaction and implementation costs in relation to the Proposed Merger are estimated to be approximately $7.0 million, including $3.2 million in resetting currently outstanding interest rate swaps, $0.2 million of stamp duty and $3.6 million of advisor costs and other restructuring costs. In the event the Proposed Merger does not proceed, Aspen Group will incur costs of $1.5[17] million whilst APPF will incur costs of $0.8[18] million.

6.4 *Comparison to the Discovery Proposal*

On 14 October 2015, Discovery announced its intention to acquire between 15% and 19.9% of APPF securities on issue from certain non-retail APPF securityholders for a cash consideration of $0.55 per APPF security. Outlined in the table below is a comparison of the key terms of the APPML Scheme and the Discovery Proposal.

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[17] Including $0.5 million recognised in FY15

[18] Including $0.3 million recognised in FY15

Table 3: Comparison of APPML Scheme and Discovery Proposal

Terms	APPML Scheme	Discovery Proposal
Form of consideration	Between 100% cash (subject to a cap of $35 million, with the remainder as scrip) to 100% scrip	100% cash, for up to 19.9% of APPF securities
Conditionality	Conditional and capable of acceptance	Only available to certain qualified sophisticated and professional investors on a first-in, first served basis. Minimum and maximum acceptance thresholds of between 15% and 19.9% respectively
Offer end date	26 November 2015, being the APPML Scheme meeting date	No end date specified
Distribution entitlement	Entitled to 2H16 distribution	No distribution entitlement
Tax implications	Potential CGT implications. Refer Annexure C of the Explanatory Memorandum for more information	CGT implications upon sale of APPF securities

Source: KPMG Corporate Finance analysis, Aspen Group, public announcements

7 Scope of the report

7.1 *Purpose*

As mentioned in Section 2, Section 411(3) of the Act requires that an explanatory statement issued in relation to a proposed scheme of arrangement under Section 411 of the Act include information that is material to the making of a decision by a creditor or member as to whether or not to agree with the relevant proposal. Part 3 Schedule 8 of the Corporations Regulations specifies that the information to be lodged with ASIC must include a report prepared by an expert if the other party to a reconstruction in a scheme of arrangement holds at least 30% of the company, or where the parties to the reconstruction have common directors.

The report prepared by the expert must state whether, in the expert's opinion, the proposed scheme of arrangement is in the best interests of the members of the body as a whole and set out the expert's reason(s) for forming that opinion.

7.2 *Basis of assessment*

RG 111 "Content of expert reports", issued by ASIC, indicates the principles and matters which it expects a person preparing an independent expert report to consider. RG 111.18 states that where a scheme of arrangement has the effect of a takeover bid, the form of analysis undertaken by the expert should be substantially the same as for a takeover bid. That form of analysis considers whether the transaction is "fair and reasonable" and, as such, incorporates issues as to value. In particular:

- 'fair and reasonable' is not regarded as a compound phrase
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash
- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison
- an offer is 'reasonable' if it is 'fair'.

RG 111.20 states that if an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is 'in the best interests' of the members of the company.

In the circumstance of a 'not fair but reasonable' outcome, RG 111.21 states that the expert can also conclude that the scheme is 'in the best interests' on the basis that it clearly states that the consideration is less than the value of the securities subject to the scheme but that there are sufficient reasons for securityholders to vote in favour of the scheme in the absence of a higher offer.

7.3 *Limitations and reliance on information*

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of Aspen Group or APPF for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. In addition, we have also had discussions with the management of Aspen Group and APPF in relation to the nature of each entity's business operations, its specific risks and opportunities, its historical results and its prospects for the foreseeable future. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Aspen Group and APPF have responsibility for ensuring that information provided by the respective entity or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by the management of Aspen Group and APPF. Whilst KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report, Aspen Group and APPF remain responsible for all aspects of this forward-looking financial information as it relates to each entity as appropriate. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information, however we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward looking financial information may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. The Independent Directors of Aspen Group and APPF, together with the each entity's legal advisers, are responsible for conducting due diligence in relation to the Proposed Merger. KPMG Corporate Finance provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

7.4 *Disclosure of information*

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. Aspen Group and APPF have requested KPMG Corporate Finance limit the disclosure of some commercially sensitive information relating to Aspen Group and APPF and its subsidiaries. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising Aspen Group and APPF. As such the information in this report has been limited to the type of information that is regularly placed into the public domain by Aspen Group and APPF.

8 Profile of Aspen Group

8.1 *Business overview*

Formed in 2001, Aspen Group is an ASX listed property group and a constituent of the S&P/ASX Emerging Companies Index. Through a series of acquisitions and organic growth, Aspen Group grew to become a diversified property investment company with operating assets across the commercial, industrial, office and accommodation sectors. It reached a market capitalisation high of $706 million in November 2007, driven by the accumulation of an extensive property portfolio including interests in development syndicates, a strong national economy and a number of its properties being located in high demand areas such as the mining regions of Western Australia.

Aspen Group's decline since the high in 2007 was driven initially from the underperformance of its development syndicates, which culminated in impairment charges across FY10-13, requiring Aspen Group to undertake a $101 million capital raising in FY12 at a significant discount to the traded security price. Further contributing to the declining market capitalisation of Aspen Group was the downturn in the resources industry (particularly the iron ore sector) which has occurred in recent years.

Once a significant portion of these development syndicates were sold, the strategy was then amended to also sell the industrial and commercial properties and focus on accommodation, which was done as part of the current Chief Executive Officer's appointment in FY14. The renewed strategy focused on simplifying the business, reducing the cost structure, disposing of non-core assets, reducing gearing levels, and importantly, pursuing growth in the "value-for-money" accommodation sector. Aspen Group now operates as a leading provider of "value for money" accommodation across Australia, with a focus on:

- Residential / short-stay accommodation comprising holiday parks, manufactured housing estates (MHEs) and mixed use accommodation assets. These properties cater to permanent and short-stay residents.
- Resources properties, which includes accommodation that services both corporate resource clients and contractors, as well as short to long term customers in key mining regions.

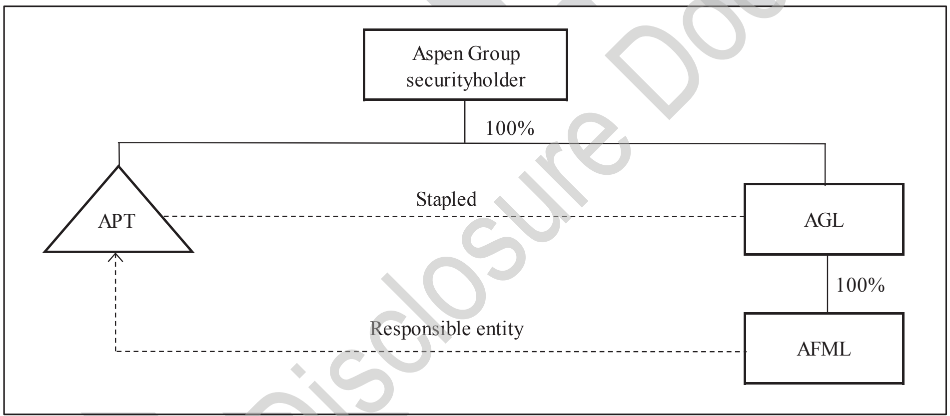
Aspen Group still holds discontinued development assets, commercial / industrial properties, and resort / short-stay parks, which are deemed non-core and are in the process of being divested.

Immediately prior to the announcement of the Proposed Merger, the market capitalisation of Aspen Group was $138.6 million, based on the closing security price of $1.225 on 11 September 2015.

8.2 *Corporate structure*

An overview of Aspen Group's current corporate structure is illustrated below.

Figure 1: Aspen Group corporate structure



Source: Merger of Aspen Group and APPF Presentation

Aspen Group is a listed stapled group comprising AGL and APT. APT is an investment trust which holds a direct investment in four accommodation properties and one non-core asset (refer Section 8.3 for more detail). AGL is the corporate entity of Aspen Group. Aspen Group entities hold a 42% interest in the stapled entities of APPF (refer Section 9.2 for more detail on APPF's corporate structure, as well as one non-core asset). AGL also owns 100% of AFML, a funds management company which is the responsible entity of APT. AFML is also the responsible entity of APPT, the investment trust of the APPF stapled structure (refer Section 9.2).

8.2.1 Management of APPF

AFML provides management services under a fund management agreement with APPF, expiring April 2019. Under the terms of the agreement, AFML provides a range of services to APPF which relate to strategic management, business planning, accounting, taxation, communication with securityholders, payment of distributions, management of any development or expansion of assets, and the sale or acquisition of any APPF property. AFML is entitled to certain fees as outlined in the table below.

Table 4: Fee schedule

Fee and cost type	Amount	Timing
Funds management fee	1.0% of the gross asset value of APPF, commencing from the settlement date of any assets acquired. Performance incentive fee of 25% of the amount available for distribution to securityholders of APPF in excess of specified threshold levels.	Payable monthly in advance
Development fee	6.5% of the construction costs of any capital expenditure (capex) project.	Payable as and when incurred
Sale fees	1.5% (maximum) of the net proceeds of property sales. This fee is only payable if the net proceeds of sale (or value of initial market capitalisation on the basis of being listed on the ASX) exceed the CPI adjusted acquisition price (exclusive of acquisition costs). AFML currently does not charge sales fees though may reconsider this position in the event the Proposed Merger does not proceed. Incentive fee of 10% of the amount of the sale price of each property, or value of the initial market capitalisation in the event of being listed on the ASX, which is greater than the CPI adjusted acquisition price (exclusive of acquisition costs).	Payable on settlement of the sale, or will be payable on the value of assets should APPF become listed on the ASX
Acquisition fees	5% of the acquisition value of properties acquired by APPF, exclusive of acquisition costs. This fee is currently charged at 2%. A debt arrangement fee of 1% on the acquisition value of all properties is also applicable. Aspen Group does not currently charge this fee.	Payable on settlement of the acquisition
Reimbursement of costs	Reimbursement for any costs or expenses incurred in establishing and managing APPT. There is no limit on the total expenses that may be recovered.	Payable as and when incurred

Source: Funds Management Agreement, dated 19 November 2008

8.3 *Investment portfolio*

The table below provides a summary of the Aspen Group proforma investment portfolio at 30 June 2015.

Table 5: Aspen Group proforma investment portfolio at 30 June 2015

Property	Property type	Freehold/ Leasehold	Location	Date of last external valuation	Independent value ($ million)	Carrying value ($ million)	Cap. rate (%)
Accommodation							
Aspen Karratha Village	Resource	Freehold	WA	Jun-15	21.8	22.0	21.0
Four Lanterns Estate	Permanent	Freehold	NSW	Dec-14	7.4	8.0	8.3
Mandurah Gardens Estate	Permanent	Freehold	NSW	May-15	10.2	10.7	9.3
Tomago Van Village [1]	Permanent / short-stay	Freehold	WA	Jul-15	10.5	11.2	9.3
Adelaide Caravan Park [2]	Short-stay	Freehold	SA	Aug-15	9.3	9.3	9.4
Total - Directly held					**59.2**	**61.2**	**11.5**
Investment in APPF [4]			**Various**			**45.1**	
Non-core							
Spearwood South	Commercial/ Industrial	Freehold	WA	Jun-14	28.5	28.8	9.3
Other [3]	Commercial/ Industrial/ Development	Freehold	WA			5.5	
Total non-core					**28.5**	**34.3**	**9.3**
Total investments					**87.7**	**140.6**	**11.1**

Source: Aspen Group 2015 Full Year Results Presentation, Aspen Group
Note 1: Acquisition of Tomago Van Village was completed on 3 August 2015
Note 2: Acquisition of Adelaide Caravan Park was completed on 21 October 2015
Note 3: Other non-core assets include properties at Midland and Aspen Whitsunday Shores
Note 4: Represents Aspen Group's share (42%) of the net assets of APPF at 30 June 2015

In relation to the property portfolio, we note:

- the carrying value at 30 June 2015 takes into account any capitalised costs incurred subsequent to the independent valuation.
- Aspen Karratha Village (AKV) is the sole resource sector park held by Aspen Group. AKV was designed and built with the primary intention of attracting management and operating staff in the resource sector by offering a significantly higher standard of amenity in accommodation and facility than the traditional "single men's quarters" in the region. Aspen Group has secured a two year lease extension (until January 2018) at AKV for 150 of the 180 rooms. Based only on this 83% occupancy rate, the property value represents a 12% income yield.
- during FY15, Aspen Group acquired the Four Lanterns Estate and the Mandurah Gardens Estate.

  The Four Lanterns Estate is a fully residential MHE located in south-west Sydney. The announced purchase price of $7.4 million reflects an initial yield of 7.6% on operations (excluding transaction costs).

  The Mandurah Gardens Estate is also a fully residential MHE located in Mandurah, Western Australia. The announced purchase price of $10.2 million reflects an initial yield of 9.3% (excluding transaction costs).

  We note that both properties have a 100% occupancy level.

- subsequent to the year ended 30 June 2015, Aspen Group acquired the Tomago Van Village located in Tomago, New South Wales (NSW). The announced purchase price of $10.5 million reflects an initial yield of 9.3% on operations (excluding transaction costs).

  Aspen Group also acquired the Adelaide Caravan Park located in Hackney, South Australia. The announced purchase price of $9.3 million reflects an initial yield of 9.4% on operations (excluding transaction costs).
- Aspen Group holds a 42% interest in APPF, which is discussed in more detail in Section 9.
- the industrial property at Spearwood South in the Perth metropolitan area remains the last major non-core asset in the Aspen Group portfolio. This property is currently fully leased, with an approximate 5 year weighted average lease expiry (WALE). Aspen Group's immediate asset management focus remains on leasing. We note that a vacant portion of the property was conditionally sold in April 2015 for $35.0 million, which supports the 100% valuation of the property. The sale conditions were formally satisfied in July 2015 with settlement occurring in August 2015.
- the Midland property has been conditionally sold, with settlement expected to occur in FY17/18.

8.4 *Strategy*

The strategic focus of Aspen Group is to continue to pursue growth opportunities in the accommodation sector, both via the acquisition of parks and selected development works on new cabins, as well as improving yields from the existing accommodation portfolio. This includes managing the impact of the downturn in demand for accommodation servicing the resources sector that has occurred in the last two years.

Aspen Group assesses potential acquisitions based on three key requirements:

- ability to generate strong, recurring income yields;
- geographically located in metropolitan areas or major population centres and close proximity to existing properties to strengthen asset clusters; and
- the opportunity for development upside or expansion.

The objective of this strategic refocus is to transform Aspen Group into a pure-play accommodation business. We note that Aspen Group is now at the final stage of its strategic transformation, with a focus on generating returns by optimising operations from its existing capital base and by growing the business.

We note that during FY15, Aspen Group increased its ownership stake in APPF from 12.5% to 42%. This was achieved by participating in and underwriting the APPF Entitlement Offer that was conducted in October 2014 and the result of non-participation in the November 2014 withdrawal offer. Refer to Section 9.3 for further details of the Entitlement Offer.

8.5 *Financial performance*

In order to isolate the impact of Aspen Group's investment in APPF, we have assessed the financial performance of Aspen Group on a deconsolidated basis, whereby entries related to APPF are treated separately.

The financial performance of Aspen Group on a deconsolidated basis for the years ended 30 June 2014 and 30 June 2015 is summarised below.

Table 6: Financial performance of Aspen Group (deconsolidated)

For the period ended $ millions	30-Jun-14	30-Jun-15
Income from operations		
Accommodation		
Aspen Karratha Village (AKV)	10.7	5.7
Four Lanterns	-	0.2
APPF management fees / equity	5.0	6.3
Commercial / industrial	15.2	6.9
Development and other	(4.2)	(0.1)
Total income	**26.7**	**18.9**
Operating expenses	(10.6)	(7.4)
Depreciation expense	-	(2.2)
Financial expenses	(1.3)	(1.3)
Underlying profit before tax	**14.8**	**8.1**
Income tax expense	-	-
Underlying profit after tax	**14.8**	**8.1**
Metrics		
Income growth (%)	(25.1)%	(28.8)%
Underlying profit after tax (NPAT) margin (%)	55.4%	42.6%

Source: Aspen Group Annual Report 2015; Aspen Group 2015 Full Year Results Presentation

Given its exposure to the resources industry, Aspen Group was adversely impacted by the downturn in the industry during FY14 and FY15. Sustained weakness in commodity prices, particularly iron ore, resulted in a significant downturn in the level of resources investment activity as companies deferred expansion plans, implemented job and cost cutting measures and suspended operations to alleviate the continued pressure on operating margins. This led to a reduction in the demand for accommodation, with AKV materially impacted. Tariffs were reduced in order to maintain stable occupancy rates, though this led to lower revenues. Whilst Aspen Group recently secured a lease extension for 150 of its 180 rooms for a further two years until January 2018, it was at the expense of lower tariffs. Impairment charges of $11.5 million and $16.5m were recorded for AKV in FY14 and FY15 respectively, reflecting the decline in demand for accommodation in the resource sector. Initiatives such as outsourcing of food and beverage services took effect in April 2014 as a means to improve operational processes and offset the decline in revenue at AKV.

No tax was payable by Aspen Group in both FY14 and FY15 given the utilisation of losses built up in prior loss-making years.

As discussed in Section 8.2.1, there are several fees charged to APPF in respect of services provided by AFML. The increase in management fees is consistent with the increased level of acquisitions and capex on properties over the period. This has been partially offset by the declining gross asset value of APPF and the 50 basis point reduction in the fund management fee rate to 1.0% which occurred in FY14. The activities of APPF are discussed in further detail in Section 9.

Declines in commercial / industrial income has primarily been as a result of asset sales over the period, consistent with its strategy to simplify and refocus the business on the accommodation sector. Lower losses on development activities are a consequence of Aspen Group's reduced activity.

8.5.1 Distributions

The following table outlines the distribution metrics of Aspen Group for the years ended 30 June 2014 and 30 June 2015, along with guidance for FY16.

Table 7: Distribution metrics

For the period ending	30-Jun-14	30-Jun-15	30-Jun-16
Weighted basic average number of Aspen Group securities ('000)	116,495	114,864	113,161
Basic earnings per security (cents) [1]	12.7	7.1	8.4
Distributions per security (cents) [2]	11.5	9.0	9.4[4]
Payout ratio (%)[3]	91%	127%	112%

Source: Aspen group Annual Report 2015; Aspen Group 2015 Full Year Results Presentation
Note 1: Basic earnings per security calculated as underlying profit before tax divided by weighted average basic securities for financial year
Note 2: Distributions per security represents the sum of the December and June interim distributions announced to the market
Note 3: Payout ratio is calculated as the distributions per security divided by the basic earnings per security
Note 4: Distribution guidance for FY16

The decline in operating profits in FY15 largely flowed through to a reduction in distributions for the same period and inclusion of depreciation of APPF's property portfolio from consolidation of APPF, offset partially by the increase in the payout ratio. The distribution guidance for FY16 of 9.4 cents per security suggests Aspen Group's earnings base is expected to increase from current levels.

8.6 *Financial position analysis*

Outlined in the table below is the deconsolidated financial position of Aspen Group as at 30 June 2014 and 30 June 2015.

Table 8: Financial position of Aspen Group as at 30 June (deconsolidated)

As at $ millions	30-Jun-14	30-Jun-15	Pro-forma 30-Jun-15
Cash	44.7	21.5	6.0
Property, plant and equipment	1.4	39.5	59.4
Goodwill	-	1.6	1.8
Assets held for sale	115.2	74.3	36.5
Investment properties / equity investment	49.2	45.1	45.1
Other	11.2	6.0	6.0
Total assets	**221.7**	**188.0**	**154.8**
Borrowings	26.7	35.1	8.6
Subsidiary liabilities held for sale	3.9	0.6	0.6
Other	11.4	9.9	4.6
Total liabilities	**42.0**	**45.6**	**13.8**
Net assets (NAV)	**179.7**	**142.5**	**141.0**
Metrics			
Total APZ units on issue ('000s)	119,948	113,161	113,161
NAV per unit ($)	1.50	1.26	1.25
Gearing (deconsolidated basis)	nil	8.4%	1.7%
Gearing (consolidated basis)	n/a	35.1%	n/a

Source: Aspen Group Annual Report 2015; Aspen Group 2015 Full Year Results Presentation
Note 1: NAV per Aspen Group security calculated as net assets over the total Aspen Group securities on issue at year end
Note 2: Management have calculated gearing as borrowings less cash over total assets less cash

Aspen Group's asset base largely comprises its property portfolio, held either directly or via its investment in APPF. For FY15, Aspen Group reclassified its directly held properties as property, plant and equipment (PPE) to better align with its strategic focus to provide "value for money" accommodation and related services. The FY14 financial position is not required to be restated to reflect this change in classification.

As mentioned in Section 8.5, AKV was adversely impacted by the downturn in the resources sector, which led to a fall in the valuation of properties in both FY14 and FY15.

Assets held for sale include all non-core assets (industrial, development, etc.) which no longer align with the corporate strategy. At 30 June 2014, this balance included approximately $24.6 million in subsidiary assets and $87.8 million of commercial / industrial assets. Key assets sold during FY14 included the Septimus Roe office building in Perth and its 50% interest in the Australian Tax Office (ATO) Adelaide office building in Adelaide, with net proceeds of $91.0 and $29.5 million received being consistent with carrying values. In FY15, Aspen Group sold its industrial property at Browns Road, Noble Park (Victoria) for $20.8 million representing a premium of $0.5 million to the net carrying value. At 30 June 2015, Spearwood South was the only major non-core industrial asset that remained unsold. An independent valuation of Spearwood in FY15 resulted in a $3.0 million impairment to the carrying value of the asset. More detail on assets held for sale as at 30 June 2015 were outlined previously in Section 8.3.

Investment properties / equity investment represents Aspen Group's 42% investment in APPF.

Debt and cash form key components of Aspen Group's ongoing capital management program. With respect to cash, the business seeks to maintain sufficient cash reserves to undertake capital management initiatives such as the activation of the share buyback programme (ceased in

FY15), fund further acquisitions in the accommodation sector and reinvest additional capital into existing assets. The fall in cash in FY15 primarily reflects the acquisition of three accommodation parks and Aspen Group's participation in and underwriting of the APPF Entitlement Offer, which resulted in Aspen Group increasing its interest in APPF from 12.5% to 40.0%. The total cash consideration paid was approximately $39.2 million, being $5.0 million for participating in the Entitlement Offer and $34.2 million for underwriting the offer. The Entitlement Offer is discussed in more detail in Section 9.6. The fall in cash was partially offset by consideration received from the disposal of non-core assets, as well as the drawdown of debt facilities.

The balance of other assets at 30 June 2015 is predominantly trade and other receivables, whilst other liabilities include employee benefits and derivative liabilities.

The deconsolidated 30 June 2015 proforma balance sheet incorporates various corporate activities which took place post 30 June 2015. These include the divestment of Spearwood and Upper Swan, with net proceeds of $37.8 million going towards the repayment of interest bearing liabilities. Additionally, Aspen Group also finalised the purchase of Tomago and Adelaide via a combination of cash and debt, which increased the PPE balance by $19.8 million. Aspen Group also paid 2H15 dividends to securityholders totalling $5.1 million, funded by debt.

8.6.1 *Debt*

Aspen Group has a $65 million debt facility with National Australia Bank (NAB) for the purposes of funding acquisitions. A summary of the facility as at 30 June 2015 is outlined below.

Table 9: Debt facilities as at 30 June 2015

	Total facilities ($'000)	Amount drawn ($'000)	Available facility ($'000)	Maturity date	Weighted average cost of debt (%)
NAB debt facility	60,000	35,100	24,900	Sep-17	5.1%
NAB overdraft facility	5,000	-	5,000	Sep-17	-

Source: Aspen Group Annual Report 2015

The facility was a consequence of two separate refinancings in FY14 and FY15 respectively, under which the facility limit was progressively increased and the maturity date extended. The facility is secured by first ranking registered real property mortgages over Aspen Group's properties, as well as a fixed and floating charge over Aspen Group.

Outlined in the table below are the financial covenants of Aspen Group as at 30 June 2014 and 30 June 2015.

Table 10: Financial covenants

Financial covenant	Covenant	30-Jun-14	30-Jun-15
Loan to value ratio	45.0% or less	21.0%	34.1%
Interest coverage ratio	2.25:1 or greater	n/a	5.37x

Source: Aspen Group Annual Report 2015

Aspen Group's financial covenants suggest a conservative debt position was maintained during FY14 and FY15, with the loan to value ratio[19] (LVR) and interest coverage ratio[20] (ICR) being well below and above covenant levels respectively.

8.7 *Equity capital*

As at 30 September 2015, Aspen Group had 113,161,158 stapled securities on issue, which are listed and traded on the ASX. Holders of stapled securities are entitled to receive dividends and distributions and are entitled to one vote per stapled security at securityholder meetings.

The following table outlines the substantial[21] securityholders in Aspen Group as at 30 September 2015.

Table 11: Substantial Aspen Group securityholders as at 30 September 2015

Securityholder	Number of stapled APZ securities	Percentage of issued capital
Allan Gray Investment Management	18,467,630	16.32%
Mill Hill Capital Pty Ltd	13,355,607	11.80%
Westpac Banking Corporation[1]	10,665,317	9.42%
Telstra Super	6,918,586	6.11%
Commonwealth Bank of Australia	6,048,554	5.35%
Legg Mason AM	5,971,330	5.28%
Total Aspen Group securities held by substantial Aspen Group securityholders	**61,427,024**	**54.28%**
Other Aspen Group securityholders	51,734,134	45.72%
Total Aspen Group securities on issue	**113,161,158**	**100.00%**

Source: Aspen Group
Note 1: The 9.42% interest held by Westpac Banking Corporation includes 9,496,008 securities (8.39%) held by BT Investment Management Ltd

Whilst the substantial securityholders hold a material security holding collectively, no single securityholder has control over Aspen Group.

Outlined in the table below is the spread of Aspen Group securityholders as at 30 September 2015.

[19] The ratio of Aspen Group's total principal outstanding over the aggregate value of Aspen Group's properties

[20] The ratio of the earnings before interest, income, tax, depreciation, amortisation and any other non-cash items to interest expense

[21] Defined as a security holding greater than 5% of issued capital

Table 12: Securityholder distribution at 30 September 2015

	Number of securityholders	Number of stapled Aspen Group securities held	Percentage of issued capital
1 - 10,000	1,680	4,601,118	4.07%
10,001 - 100,000	409	11,159,404	9.86%
100,001 and over	41	97,400,636	86.07%
Total Aspen Group securities on issue	**2,130**	**113,161,158**	**100.00%**

Source: Aspen Group, KPMG Corporate Finance analysis

8.7.1 Directors' interests

As at 30 September 2015, the directors of Aspen Group held relevant interests in the following securities.

Table 13: Directors' relevant interest as at 30 September 2015

Director	Executive / Non-executive Director	Board Committee member	Securities held	Percentage of issued capital
Clem Salwin	Executive	n/a	1,616,689	1.43%
Frank Zipfinger	Non-executive	Aspen Group BC	206,132	0.18%
Clive Appleton	Non-executive	APPF BC	31,000	0.03%
Guy Farrands	Non-executive	Aspen Group BC	135,475	0.12%
John Carter	Non-executive	Aspen Group BC	13,882,539	12.27%
Total			**15,871,835**	**14.03%**

Source: Aspen Group Annual Report 2015

As outlined in the table above, the Directors of Aspen Group held a combined relevant interest of 14.03% at 30 September 2015. Non-executive Director, John Carter holds approximately 12.27% of issued capital through his investment firm, Mill Hill Capital Pty Ltd.

8.8 Trading performance

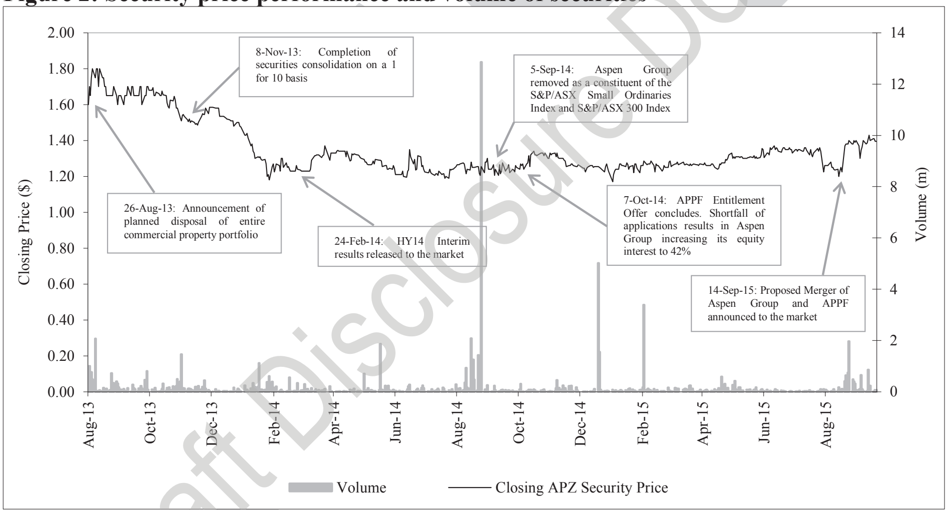
In assessing Aspen Group's security price performance, we have:

- analysed price and volume performance since 26 August 2013, the first date at which Aspen Group made an announcement to divest various non-core assets in line with its new strategic focus towards "value for money" accommodation.
- compared Aspen Group's security price movement to the S&P/ASX 300 A-REIT Index over the period from 26 August 2013 to 25 September 2015.
- assessed the volume weighted average price (VWAP) and trading liquidity of Aspen Group securities for the period pre and post the announcement of the Proposed Merger.
- assessed the Aspen Group security price relative to the NAV over the period from 26 August 2013 to 25 September 2015.

8.8.1 Security price and volume performance

Aspen Group's security price performance and the volume of securities traded over the period since it announced the planned divestment of the non-core asset portfolio (26 August 2013) is illustrated below.

Figure 2: Security price performance and volume of securities



Source: Capital IQ; KPMG Corporate Finance Analysis

Since 26 August 2013, Aspen Group securities have closed in a price range of $1.17 (27 January 2015) to $1.80 (30 August 2013). Whilst the market responded favourably to the announcement of the planned disposal of the entire commercial property portfolio (which also facilitated a buyback to securityholders and deliver on the planned strategic refocus), the security price gradually declined over the subsequent six months to February 2014 driven in part by the sentiment surrounding the difficult market conditions arising from weaker resources investment. The on-market buy-back of securities (representing 5.7% of issued capital) combined with the consolidation of securities on a 1 for 10 basis at the end of calendar 2013 (prices have been rebased) may also have had an impact on the trading price.

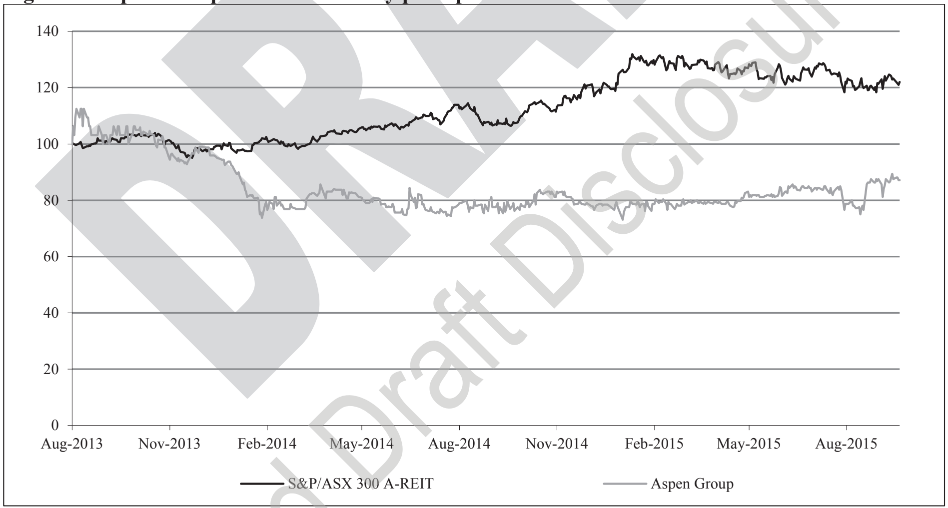
In February 2014, the announcement of HY14 financial results included a 21% reduction in overhead costs (versus prior corresponding period (pcp)), non-core asset sales of $113.6 million and distributions of 7.5 cents per security appears to have provided some price support, after which the security price closed between $1.17 and $1.40 for over 18 months until 25 September 2015. The market reacted positively to the announcement of the Proposed Merger of Aspen Group and APPF on 14 September 2014, with the security price closing at $1.37, up from a close of $1.225 on 11 September 2015. This represents as increase of 11.8%. The security price continues to be supported by the Proposed Merger announcement, with an 18 month high of $1.40 reached at the close of trade on 18 September 2015.

Other significant events such as the participation in the APPF Entitlement Offer (as both investor and underwriter) in 1H15 to raise a minimum of $39.9 million, and the spike in volumes in September 2014 resulting from the removal of Aspen Group as a constituent of the S&P/ASX Small Ordinaries Index and S&P/ASX 300 Index (owing to the reduction in trading liquidity), did not have a lasting material impact on the security price.

8.8.2 *Relative performance*

The figure below illustrates a comparison of the trading performance of Aspen Group relative to the S&P/ASX 300 A-REIT Index since 26 August 2013 to 25 September 2015.

Figure 3: Aspen Group's relative security price performance[22]



Source: Capital IQ; KPMG Corporate Finance Analysis

Since 26 August 2013, Aspen Group underperformed the broader listed A-REIT sector by falling 22% as compared to a 20% increase in the value of the S&P/ASX 300 A-REIT Index. Such underperformance appears to have been driven by Aspen Group's exposure to the downturn in the resource industry combined with a contraction in the business value via asset sales.

8.8.3 *Liquidity*

The table below summarises the liquidity of Aspen Group securities pre and post the announcement of the Proposed Merger.

[22] Aspen Group's security price and the S&P/ASX 300 A-REIT Index have been rebased to 100 at 26 August 2013

Table 14: VWAP and liquidity analysis

Period	Closing price (low) ($)	Closing price (high) ($)	Closing price VWAP ($)	Cumulative value ($ millions)	Cumulative volume (millions)	% of issued capital
Period ended 11 September 2015 (pre-announcement)						
1 day	1.22	1.25	1.23	0.1	0.1	0.1%
1 week	1.20	1.25	1.23	0.4	0.3	0.3%
10 day	1.20	1.28	1.23	0.6	0.5	0.5%
1 month	1.20	1.36	1.27	1.4	1.1	0.9%
3 months	1.20	1.37	1.31	3.5	2.7	2.4%
6 months	1.20	1.37	1.29	10.9	8.5	7.5%
Period ended 25 September 2015 (post-announcement)						
10 day	1.20	1.43	1.37	8.1	5.9	5.2%

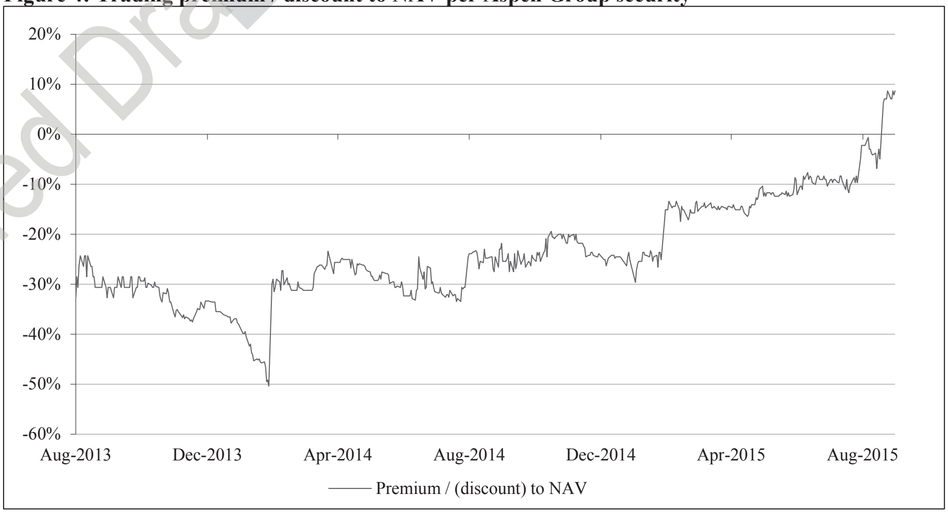
Source: Capital IQ; KPMG Corporate Finance Analysis

Trading in Aspen Group has been relatively low in the preceding six months prior to the announcement of the Proposed Merger. This is largely driven by the small cap nature of the stock and sentiment towards the sectors to which it is exposed. The market responded favourably towards the Proposed Merger as evidenced by the increase in the security price post the announcement.

8.8.4 *Aspen Group security price relative to NAV*

The figure below provides a historical comparison of Aspen Group's security price compared to its NAV per Aspen Group security over the period from 26 August 2013 to 25 September 2015.

Figure 4: Trading premium / discount to NAV per Aspen Group security



Source: Capital IQ, KPMG Corporate Finance Analysis

Aspen Group has consistently traded below NAV over the period considered. The discount to NAV during the six month period to February 2014 was a consequence of the declining security price (driven in part by exposure to the downturn in the mining sector) compared to a stable reported NAV. The reduction in discount in February 2014 reflected a reduction in the NAV resulting from a revaluation of various properties in the portfolio, particularly the resource sector properties. The reduction in discount to NAV since February 2014 has coincided with the continued execution of the restructure of the business whereby non-core and underperforming assets have been sold and accretive acquisitions have been undertaken as well as favourable equity market conditions.

9 Profile of Aspen Parks Property Fund

9.1 *Business overview*

APPF is an open-ended, unlisted investment fund that was established in 2004. The core strategy of APPF is focussed on investment in short stay and permanent residential accommodation properties, as well as accommodation properties that service the resources sector. APPF previously invested in resort style accommodation which has higher earnings volatility, but has shifted its strategic focus away from this type of property as a means to deliver long-term capital growth and regular distributions to its securityholders.

APPF currently owns and operates a portfolio of 21 properties throughout Australia. The properties are located in major tourist destinations and retiree regions in Australia, such as the north coast of NSW. APPF also has exposure to the resources sector, with four of its properties in interior South Australia and north-west Western Australia serving the key resources hubs of Roxby Downs and the Pilbara.

APPF operates in three key segments within the holiday and accommodation park industry:

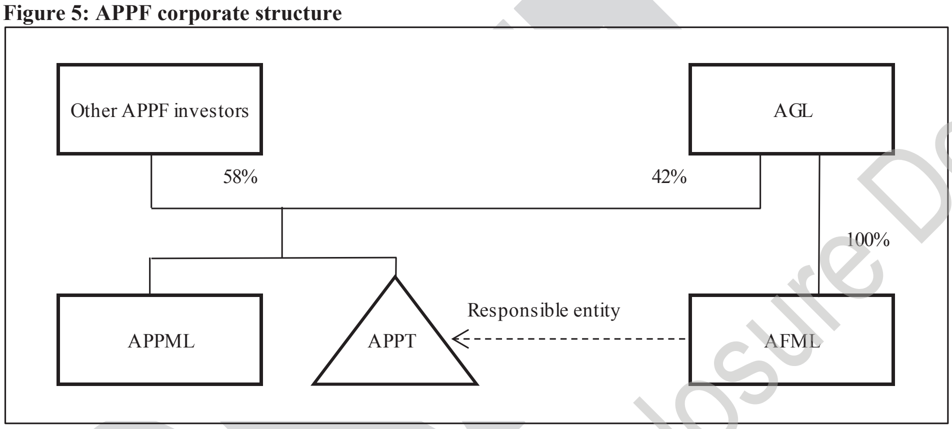
- residential / short-stay accommodation, consisting primarily of cabins and caravan / camping accommodation that offers both short stays for tourists and longer term accommodation for permanent and annual guests
- resource accommodation, consisting of properties that service both corporate resource clients and contractors, as well as short to long term customers in the key resources regions within Western Australia and South Australia
- non-core accommodation, which comprises of short stay, resort style accommodation properties. We note that these facilities also include food & beverage and tour bookings services.

Each division of APPF caters for a different client base and has different revenue and cost structures in place, creating a nationally diversified accommodation provider.

9.2 *Corporate structure*

An overview of APPFs current corporate structure is illustrated below.

Figure 5: APPF corporate structure



Source*: Merger of Aspen Group and APPF Presentation*

APPF is an unlisted stapled group comprising APPML and APPT. APPT is an investment trust which holds the property portfolio of APPF, whilst APPML is the corporate entity. AFML is the Responsible Entity of APPT, and manages APPF under a funds management agreement with Aspen Group as outlined previously in Section 8.2.1.

9.3 *Recent corporate activity*

Similar to Aspen Group, APPF was also materially impacted by the decline in the resources sector with a significant decline in the value of its properties and income generated during FY14 and FY15 driving a need to recapitalise the business. This led to various incomplete proposals for the business which did not however proceed, ultimately resulting in a recapitalisation being undertaken.

In August 2014, INA announced to the market that over the preceding eleven months it had made a series of preliminary, indicative, non-binding and confidential approaches to Aspen Group. INA's proposal involved acquiring Aspen Group's 12.5% investment in APPF at NAV, Aspen Group's management rights in APPF for $5 million, and the remaining APPF scrip in return for INA scrip. These proposals were not considered by the Aspen Group Board to represent a compelling value proposition for Aspen Group securityholders. The proposals did not progress to a binding offer.

On 28 August 2014, APPF received a conditional proposal from Discovery to acquire all the assets of APPF for a gross consideration of $217 million, prior to the deduction of fees payable to Aspen Group and other transaction costs. Unlike the INA proposal, the management rights of APPF held by Aspen Group were not subject to the proposal. On 25 September 2014, Discovery made a final offer, structured as a mixture of cash and scrip and a concurrent buy-back of APPF securities. The APPF BC also did not consider the proposal to provide sufficient value to APPF securityholders.

Also in August 2014, APPF announced its intention to raise a minimum of $39.9 million by way of a fully underwritten, pro-rata Entitlement Offer. The equity raised would be used to reduce its LVR for banking covenant purposes and also enable APPF to pursue acquisition opportunities. Securityholders were offered the opportunity to apply for 1 new security for every 2 securities held, at an issue price of $0.49 per APPF security. This was underwritten by Aspen Group, with any amounts subscribed for via the underwriting occurring at an issue price of $0.51 per APPF security. Equity of $7.0 million was raised from existing APPF securityholders (including Aspen Group), with $34.2 million being raised by way of the Aspen Group underwriting facility. The equity raised by APPF was initially applied to the repayment of debt, with $6.0 million then used to fund a withdrawal offer in December 2014 and the purchase of three accommodation parks.

9.4 *Investment portfolio*

The table below is a summary of the APPF investment portfolio as at 30 June 2015.

Table 15: APPF investment portfolio as at 30 June 2015

Property	Property type	Freehold/ Leasehold	Location	Date of last external valuation	Independent value ($ millions)	Carrying value ($ millions)	Cap. rate (%)
Residential / Short-stay							
Ballina Lakeside	Mixed use	Freehold/ Leasehold	NSW	09-Apr-15	16.5	17.2	9.0
Dubbo Parklands	Mixed use	Freehold	NSW	04-Jun-15	10.8	11.3	10.2
Harrington	Mixed use	Leasehold	NSW	09-Sep-14	7.7	8.3	13.0
Horseshoe Lagoon	Mixed use	Freehold	NSW	29-Jul-15	7.7	8.5	12.8
Maiden's Inn	Mixed use	Freehold	NSW	29-Jul-15	15.0	15.0	12.2
Shady River	Mixed use	Freehold	NSW	03-Aug-15	5.8	5.8	12.7
Twofold Bay	Mixed use	Freehold	NSW	10-Aug-15	6.5	6.5	10.3
Wallamba River	Mixed use	Freehold	NSW	31-Jul-15	8.8	9.1	9.9
Australiana	Mixed use	Freehold	QLD	07-Feb-15	6.0	6.0	11.3
Port Augusta	Mixed use	Freehold	SA	03-Aug-15	5.7	5.7	13.8
Ashley Gardens	Mixed use	Freehold	VIC	29-Jul-15	20.3	20.3	10.3
Boathaven	Mixed use	Freehold / Leasehold	VIC	03-Aug-15	7.8	7.8	15.1
Geelong Riverview	Mixed use	Leasehold	VIC	13-Aug-15	3.2	3.2	23.0
Yarraby	Mixed use	Freehold	VIC	04-Aug-15	10.2	10.2	11.3
Coogee Beach	Mixed use	Leasehold	WA	30-Jun-15	6.5	6.5	19.2
Perth Vineyeards	Mixed use	Freehold	WA	04-Aug-15	14.0	14.7	10.9
Woodman Point	Mixed use	Leasehold	WA	30-Jun-15	13.0	13.0	11.5
Sub-total					**165.3**	**169.1**	**11.8**
Resource							
Myall Grove	Resource	Freehold	SA	03-Aug-15	2.7	2.7	16.2
Balmoral	Resource	Freehold / Leasehold	WA	05-Aug-15	1.2	1.2	10.8
Cooke Point	Resource	Leasehold	WA	18-Jun-15	10.3	8.1	36.2
Pilbara	Resource	Freehold	WA	03-Jun-15	7.9	7.9	16.5
Sub-total					**22.1**	**19.9**	**24.1**
Non-core[1]							
Monkey Mia[2]	Resort	Leasehold	WA			14.6	n/a
Ningaloo Reef[2]	Resort	Freehold / Leasehold	WA			9.4	n/a
Exmouth Cape[2]	Tourist	Freehold	WA			10.1	n/a
Sub-total						**34.1**	**n/a**
Total						**223.1**	**13.1**

Source: Aspen Group 2015 Full Year Results Presentation; APPF
Note 1: All non-core properties are classified as held for sale at 30 June 2015
Note 2: Sale of property settled on 15 September 2015

At 30 June 2015, APPF's investment portfolio consisted of 17 mixed use properties, four resource properties and three non-core properties with a combined carrying value of $223.1 million and weighted average capitalisation rate (WACR) of 13.1%. More specifically, we note:

- the mixed use properties include short-stay residents (cabins and sites), annuals and permanent residents, whilst the resources properties cater to both corporate resource clients and contractors as well as short to long-term stays.

- freehold properties are "free from hold" of any entity besides APPF, granting ownership and use (including sale) into perpetuity, in accordance with the local regulations. Leasehold properties are held under a fixed term agreement, granting the right to use the property for a period of time. Lessors are predominantly local councils and regulatory bodies.
- during FY15, APPF acquired the Australiana Holiday Park, the Ballina Lakeside Holiday Park and the Harrington Holiday Park.

  The Australiana Holiday Park is located in Hervey Bay (Queensland) and comprises 107 sites with a mix of short stay caravan sites and cabins, as well as permanent residents. The announced purchase price of $6.4 million (including transaction costs) represented a yield of 10% (pre-transactions costs).

  The Ballina Lakeside Holiday Park is located on the NSW north coast and comprises 227 mixed-use sites that features a range of improvements including a water park and mini golf course. The announced purchase price of $17.5 million (including acquisition costs) represented a yield of 10% (pre-transactions costs).

  The Harrington Holiday Park is located on the north coast of NSW and comprises 321 cabins and caravan accommodation sites. The announced purchase price of $8.4 million (including transaction costs) represented a yield of 12% (pre-transactions costs).

  The acquisitions are in line with APPF's strategic objective of increasing the geographic diversity of its portfolio as well as increasing exposure to permanent residential and mixed short-stay properties.
- falling commodity prices adversely impacted the level of new construction and maintenance activity in key resource sector regions of Western Australia and South Australia, which resulted in a decline in the trading performance of the resource sector orientated properties as demand for accommodation from users in the resources industry softened. Consequently, the resource property portfolio experienced a decline in value of 40% in FY15.
- non-core properties consist of resort style properties focused on providing 100% short-stay accommodation products, including food and beverage services, tour bookings and functions. All three parks are located in the north-west region of Western Australia. During FY15, APPF secured the conditional sale of all three parks. We note that settlement occurred on 15 September 2015. These sales followed the disposal of four accommodation parks in FY14, which generated proceeds of approximately $17.0 million.

9.5 *Financial performance*

The financial performance of APPF for the years ended 30 June 2014 and 30 June 2015 is summarised below.

Table 16: Financial performance of APPF

For the period ended $ millions	30-Jun-14	30-Jun-15
Income from operations		
Residential / short stay	14.1	16.1
Resources	7.0	4.4
Non-core assets	4.6	3.8
Total income	**25.6**	**24.2**
Operating expenses	(5.5)	(5.6)
Fund management fees	(3.1)	(2.1)
Financial expenses	(6.5)	(4.9)
Depreciation expense	(6.3)	(6.9)
Underlying profit before tax	**4.3**	**4.7**
Income tax expense	-	-
Underlying profit after tax	**4.3**	**4.7**
Metrics		
Income growth (%)	(23.3)%	(5.4)%
Underlying profit margin (%)	16.7%	19.3%

Source: APPF Annual Report 2015; Aspen Group 2015 Full Year Results Presentation; APPF Entitlement Offer Presentation
Note: Totals may not add due to rounding

The decline in total income across FY14 and FY15 is primarily a result of the softer demand for accommodation in the resources sector, as the downturn in commodity prices led to lower levels of maintenance and expansion activities in key resource sector regions of Western Australia and South Australia and subsequent demand for worker accommodation. The four accommodation parks oriented towards the resource sector generated 37% less revenue in FY15 compared to FY14. To counter the resources downturn, APPF implemented several cost and capital management initiatives including reallocating unoccupied cabins from the Pilbara to the Perth Vineyards property.

Lower revenues from resource sector orientated properties was partially offset by increased revenues from residential / short stay properties. This was driven by the acquisition of three operating residential / short stay parks during FY15 as well as maturing of capacity enhancing development works completed in FY13.

Non-core assets include all accommodation parks classified as held for sale. The decline in income generated by these properties is due to reduced performance.

Lower fund management fees in FY15 are a result of a reduction in the asset management fee charged (from 1.5% to 1.0% of gross asset value of APPF) compounded by the falling values of APPF's properties.

9.5.1 *Distributions*

The following table outlines the distribution metrics of APPF for the years ended 30 June 2014 and 30 June 2015.

Table 17: Distribution metrics

For the period ending	30-Jun-14	30-Jun-15	30-Jun-16
Weighted average number of APPF securities ('000)	162,534	216,555	225,282
Earnings per security (cents)	2.6	2.2	4.6
Distributions per security (cents)	6.5	4.0	4.0[4]
Payout ratio (%)	250%	182%	87%

Source: APPF Annual Report 2015; Aspen Group 2015 Full Year Results Presentation
Note 1: Earnings per security calculated as underlying profit before tax divided by weighted average securities for financial year
Note 2: Distributions per security represents the sum of the distributions announced to the market for the financial year
Note 3: Payout ratio is calculated as the distributions per security divided by the earnings per security
Note 4: Distribution guidance for FY16

The decline in earnings per security from FY14 to FY15 is predominantly a result of the Entitlement Offer conducted in FY14, which resulted in a significant increase in the number of APPF securities on issue. We note that APPF's distribution policy was changed in FY14 to only pay out distributions that exceed operational cash flow (including operational capex). The distribution guidance for FY16 of 4.0 cents per security suggests APPFs earnings base is expected to consolidate from current levels.

9.6 *Financial position analysis*

The financial position of APPF as at 30 June 2014 and 30 June 2015 is summarised below.

Table 18: Financial position of APPF

For the period ended $ millions	30-Jun-14	30-Jun-15	Proforma 30-Jun-15
Cash	3.9	1.8	1.8
Property, plant and equipment	177.6	172.9	172.9
Goodwill	10.3	16.3	16.3
Assets held for sale	12.0	34.2	-
Other	4.9	2.9	2.8
Total assets	**208.6**	**228.0**	**193.8**
Borrowings	110.2	106.6	73.6
Other	12.2	14.0	13.7
Total liabilities	**122.4**	**120.5**	**87.3**
Net asset value (NAV)	**86.2**	**107.5**	**106.5**
Metrics			
Total APPF securities on issue ('000s)	162,743	232,636	232,636
NAV per APPF security ($)	0.53	0.46	0.46
Gearing[2]	51.4%	46.3%	37.4%

Source: APPF Annual Report 2015; Aspen Group 2015 Full Year Results Presentation
Note 1: NAV per APPF security calculated as net assets over the total APPF securities on issue at year end
Note 2: Management have calculated gearing as borrowings less cash over total assets less cash

APPF's asset base largely comprises its property portfolio, which are classified as property, plant and equipment (PPE), goodwill on acquisitions and assets held for sale. The slight decline in PPE in FY15 was predominantly driven by several properties being reclassified to assets held for sale, and annual depreciation charges and falling valuations at the four resource sector properties, offset by the acquisition of three properties during FY15.

Assets held for sale include all non-core assets, as discussed in Section 9.4. The resort style properties of Monkey Mia and Ningaloo Reef, as well as Exmouth Cape were disposed of subsequent to year-end and is reflected in the proforma balance sheet above. The final sale price supported the net carrying value of the properties. We note that proceeds have been used to reduce the borrowings balance.

Other assets held by APPF include trade and other receivables and inventories, whilst other liabilities predominantly comprise trade and other payables and employee benefits.

The decline in property values in FY14 resulted in APPF being close to its LVR covenant at that time (of 55%). This resulted in APPF announcing in August 2014 its intention to raise a minimum of $39.9 million by way of a fully underwritten (by Aspen Group), pro-rata Entitlement Offer, for the purposes of providing capital to reduce the LVR and fund growth opportunities. Under the offer, securityholders could apply for one new security for every two securities held, at an issue price of $0.49 per security. Take-up under the offer resulted in the issue of 81,371,858 new securities, with Aspen Group increasing its interest from 12.5% to 40.0%.

9.6.1 *Debt*

APPF has a debt facility with Westpac Banking Corporation (WBC) to support the funding of new acquisitions. Key details of the facility are outlined in the table below.

Table 19: Debt facilities as at 30 June 2015

	Total facilities ($ millions)	Amount drawn ($ millions)	Available facility ($ millions)	Maturity date	Weighted average cost of debt (%)
WBC debt facility	110,000	107,425	2,575	Sep-17	4.69%
WBC overdraft facility	5,000	-	5,000	Sep-17	-

Source: APPF Annual Report 2015

This facility was a consequence of a debt restructure in September 2014 to take advantage of prevailing market rates which were at historical lows. It is also in line with APPF's strategy to provide investors with stable earnings that support the payment of distributions to APPF securityholders.

The facility also includes a $5.0 million amount for overdrafts and bank guarantees, of which nil was drawn at 30 June 2015. The facility is secured by first ranking registered real property mortgages over APPFs properties, as well as a fixed and floating charge over APPF.

Financial covenant requirements have been stipulated by WBC as part of the conditions of the senior debt facility discussed above. The following table summarises the covenant requirements at 30 June 2015.

Table 20: Financial covenants at 30 June 2015

Financial covenant	Covenant	30-Jun-15
Loan to value ratio	50.0% or less	47.8%
Interest coverage ratio	2.25x or greater	3.33x

Source: APPF Annual Report 2015; Aspen Group 2015 Full Year Results Presentation
Note 1: LVR is the ratio of APPF's total principal outstanding under the debt facility over the aggregate value of APPF's properties
Note 2: ICR is calculated at each interim period (31 December and 30 June) and reflects the ratio of the earnings before interest, income, tax, depreciation, amortisation and any other non-cash items to interest expense for the period

Compared to Aspen Group, APPF has utilised its debt facility to a greater extent, as evidenced by the smaller headroom over its covenants as at 30 June 2015. The LVR is primarily a result of property acquisitions completed in FY15. As a consequence of the settlement of three non-core assets in September 2015, the LVR has reduced to 37.4%.

APPF is also required to hedge a minimum of 50% of its floating rate debt exposure in accordance with the conditions of the facility. In doing so, APPF has entered into interest rate swaps of $90.0 million (84% of its drawn debt exposure) as at 30 June 2015 with a weighted average interest rate of 3.19% per annum and a weighted average term to maturity of 3.5 years. Details of APPFs interest rate swaps are provided in the table below.

Table 21: Interest rate swaps

Type of contract	Weighted average maturity term	Weighted average interest rate	Notional contract amount ($ millions)
30-Jun-14	1.4	3.37%	108.7
30-Jun-15	3.5	3.19%	90.0

Source: APPF Annual Report 2015, APPF Annual Report 2014

9.7 *Equity structure*

As at 31 August 2015, APPF had 232,636,715 unlisted stapled securities on issue. Holders of fully paid stapled securities are entitled to receive distributions and are entitled to one vote per stapled security at securityholder meetings.

Aspen Group is the only substantial securityholder in APPF. Combined with minority interests held by related parties, Aspen Group has a 42% interest in APPF. The composition of the top 10 securityholders comprises only of institutional investors and related parties, whom collectively hold 58.6% of the APPF stapled securities on issue.

The table below illustrates the distribution of APPF securities based on the size of holding.

Table 22: Securityholder distribution at 31 August 2015

	Number of securityholders	Number of stapled APPF securities held	Percentage of issued capital
1 - 1000	-	-	0.0%
1,001 - 5,000	120	482,759	0.2%
5,001 - 10,000	640	5,040,939	2.2%
10,001 - 100,000	2,152	62,399,407	27.0%
100,001 and over	141	164,713,610	70.6%
Total APPF securities on issue	**3,052**	**232,636,715**	**100.0%**

Source: APPF

Most securityholders in APPF are retail investors that have been referred through financial advisory channels.

9.7.1 *Directors' interests*

As at 30 June 2015, Mr. Frank Zipfinger was the only director with an equity interest in APPF. He held 50,529 securities, or 0.02% of issued capital.

9.7.2 *Withdrawal offers*

APPF's current policy is to undertake a Withdrawal Offer at least annually. In addition, a Hardship Facility is offered by Aspen Group on a case by case basis to applicants who can demonstrate hardship, generally relating to severe health or financial reasons.

The table below summarises the key metrics of recent withdrawal offers conducted by APPF.

Table 23: Recent withdrawal offer metrics

Withdrawal offer date	Mar-13	May-14	Nov-14
No. of securities on issue prior to withdraw offer (millions)	188.0	162.7	244.1
Amount applied			
Value ($ millions)	11.7	12.9	18.6
No. of securities (millions)	9.9	22.7	35.5
Percentage of issued securities (%)	5.3%	13.9%	14.6%
Amount withdrawn			
Value ($ millions)	11.7	1.5	6.0
No. of securities (millions)	9.9	2.6	11.5
Pro rata (%)	100.0%	11.4%	32.3%
Percentage of issued securities (%)	6.2%	0.9%	2.5%
NAV per security ($)	1.1846	0.5729	0.5253
Redeemed price per security ($)	1.1787	0.5700	0.5227
Implied premium/ (discount) to NAV (%)	**(0.5)%**	**(0.5)%**	**(0.5)%**

Source: APPF

APPF's policy is to price withdrawal offers at a 0.5% discount to NAV. The last two withdrawal offers in May 2014 and November 2014 were over-subscribed, with the final amounts withdrawn pro-rated to only 11.4% and 32.3% of the amounts applied for by securityholders, reflecting the capital constraints of APPF. In particular, the withdrawal offer conducted in May 2014 related to a liquidity facility offered by Aspen Group and involved the transfer of APPF securities to Aspen Group, rather than being cash funded by APPF.

10 The Merged Group

10.1 *Business overview*

The Merged Group will be a leading specialist owner, manager and developer of value for money accommodation, with a geographically diverse portfolio located across Australia, supported by a fully integrated management platform. The combined portfolio of 26 properties, comprising over 5,000 sites and valued at $250 million, will make the Merged Group one of the largest accommodation park owner-operators in Australia. In terms of accommodation sites, the Merged Group will be one of the largest listed groups in the value-for money accommodation sector.

A summary of the Merged Group's asset portfolio is set out below.

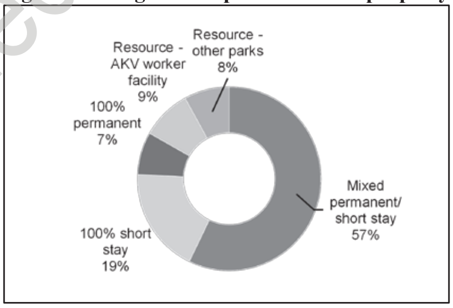
Table 24: Merged Group's asset portfolio

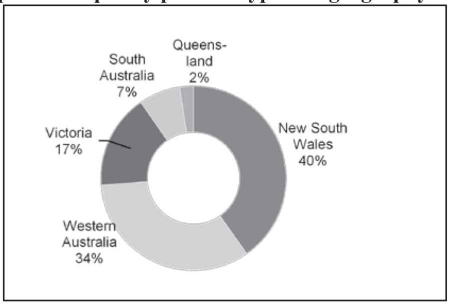
At 30 June 2015	Aspen Group	APPF	Merged Group
Total number of accommodation properties[2]	5	21	26
Total number of accommodation sites[2]	672	4,673	5,345
Portfolio value ($ millions)	61	189	250
NAV per securityholder	1.26	0.46	1.19
Portfolio weighted average capitalisation rate (%)	11.4%	13.1%	12.7%
Gearing (deconsolidated)[1]	8.4%	46.3%	n/a
Gearing (consolidated)[1]	35.1%	n/a	39.2%
Management fee (per annum of gross asset value)	n/a	1.0%	n/a

Source: Aspen Group Merger Presentation
Note 1: Management have calculated gearing as debt less cash over total assets less cash
Note 2: Includes the Tomago Van Village and Adelaide Caravan Park, acquired by Aspen Group in August 2015 and October 2015 respectively

Illustrated in the figures below is the Merged Group's investment property portfolio split by product type and geography at 30 June 2015.

Figure 6: Merged Group's investment property portfolio split by product type and geography





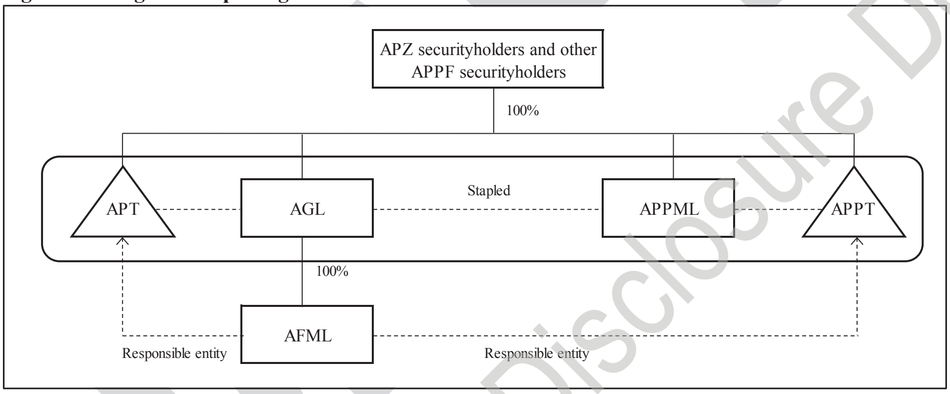
Source: Aspen Group Merger Presentation

Further details on each of the properties held by Aspen Group and APPF are set out in Sections 8.3 and 9.4 respectively.

10.2 *Corporate structure*

The Merged Group will be a quadrupled stapled structure, whereby AFML will continue to be the responsible entity of APT and APPT and oversee the property management activities of the Merged Group's property portfolios. The structure of the Merged Group is detailed below.

Figure 7: Merged Group's organisational structure



Source: Aspen Group Merger Presentation

10.3 *Senior management and Board*

Except for the departure of Mr Reg Gillard (director of APPF), the existing senior management team and board members from Aspen Group and APPF are expected to continue as the senior management and board for the Merged Group. We understand no additional management resources are required to manage the enlarged portfolio of the Merged Group.

10.4 *Financial performance*

The table below reflects the proforma profit and loss for the Merged Group for the 12 months ended 30 June 2015 prepared by management based on the standalone financial performance of Aspen Group as outlined in Sections 8.5 and 9.5 respectively. Also included in the table is management's guidance for the 12 months ended 30 June 2016.

Table 25: Proforma financial performance

For the period ending $ millions	Aspen Group Deconsol.	APPF	Adj.	FY15 Merged Group proforma	FY16 Merged Group proforma Full uptake Cash Option	FY16 Merged Group proforma 100% Scrip Option
Income from operations						
Accommodation						
Aspen Group properties	5.9	-				
APPF properties	-	20.5				
APPF management fees / equity	4.1	-				
Non-core - commercial, development	6.8	3.8				
Total income	**16.8**	**24.3**	**(4.8)**	**36.3**	**37.4**	
Operating expenses	(7.4)	(5.6)	0.7	(12.3)	(10.7)	
Funds management fees	-	(2.1)	2.1	-	-	
Financial expenses	(1.3)	(4.9)	0.1	(6.1)	(4.9)	
Depreciation expense	-	(6.9)	-	(6.9)	(5.3)	
Underlying profit before tax	**8.1**	**4.7**	**(1.8)**	**11.0**	**16.4**	
Income tax expense	-	-	-	-	-	
Underlying profit after tax	**8.1**	**4.7**	**(1.8)**	**11.0**	**16.4**	**17.1**
Metrics						
Underlying profit (NPAT) margin	48%	19%		30%	44%	
Earnings per share (cents)[1]	7.1	2.2		8.6	12.9	12.0
Dividends per share (cents)	9.0	4.0			12.0	12.0
Payout ratio (%)	128%	184%			93%	100%

Source: Aspen Group FY15 Results Presentation, Aspen Group Merger Presentation, Explanatory Memorandum
Note 1: Earnings per share calculated as underlying profit after tax divided by weighted average securities for the financial year. Weighted average number of securities for 100% Scrip Option is based on non-annualised number of securities

The Merged Group proforma financial performance has been prepared by management assuming the continuation of the current business trading environment, with no material change to business conditions. In particular, we note the following key adjustments:

- total income for FY15 reduced driven predominately from elimination of equity accounted income from APPF. This also led to the elimination of management fees as APPF is internalised
- the Merged Group proforma consolidated earnings forecast for FY16 assumes the Proposed Merger has been implemented on 15 December 2015. The proforma reflects administrative cost savings of $0.9 million ($1.7 million on an annualised basis) which are expected to arise from the Proposed Merger
- under full uptake of the Cash Option, FY16 earnings guidance of 12.9 cents per security has been calculated with reference to underlying profit attributable to the Merged Group securityholders of $16.4 million, (post non-controlling interests) and the weighted number of stapled securities outstanding post the Proposed Merger of 127.9 million
- under full Scrip Option, FY16 earnings guidance of 12.0 cents per security has been calculated with reference to underlying profit attributable to Aspen Group securityholders of $17.1 million, (post non-controlling interests) and the weighted number of stapled securities

outstanding post the Proposed Merger of 142.5 million[23]. This earnings per security guidance is based on synergies post the Proposed Merger, rather than for the full financial year.

10.5 *Financial position*

The table below outlines the proforma financial position of the Merged Group as at 30 June 2015, prepared by management based on the standalone positions of Aspen Group and APPF as at 30 June 2015 as outlined in Sections 8.6 and 9.6 respectively.

Table 26: Proforma financial position

For the period ended 30 June 2015	Aspen			Merged Group proforma	
$ millions	Group Deconsol.	APPF	Adj.	Full uptake Cash Option	100% Scrip Option
Cash	21.5	1.8	(17.3)	6.0	
Property, plant and equipment	39.6	172.9	16.9	229.4	
Goodwill	1.6	16.3	(5.9)	12.0	
Assets held for sale	74.3	34.2	(72.0)	36.5	
Investment properties / equity investment	45.1	-	(45.1)	0.0	
Other	6.0	2.9	(0.1)	8.8	
Total assets	**188.0**	**228.0**	**(123.3)**	**292.7**	
Non-current interest bearing liabilities	35.1	106.6	(20.8)	120.9	
Subsidiary liabilities held for sale	0.6	-	0.0	0.6	
Other	9.9	14.0	(8.7)	15.2	
Total liabilities	**45.6**	**120.5**	**(29.4)**	**136.7**	
Net asset value (100%)	**142.5**	**107.5**	**(93.9)**	**156.1**	**189.8**
Metrics					
Total units on issue ('000s)	113,161	232,636	26,139	139,300	165,281
NAV per unit ($)[1]	1.26	0.46		1.19	1.20
Gearing[2]	8.4%	46.3%		38.8%	27.4%

Source: Aspen Group FY15 Results Presentation, Aspen Group Merger Presentation
Note 1: NAV per security for the Merged Group has been based on net assets shown plus capitalised acquisition costs of $3.1 million and unrecognised goodwill of $6.0 million
Note 2: Management have calculated gearing as borrowings less cash over total assets less cash

The Merged Group proforma balance sheet has been prepared on the basis of a full uptake of the Cash Option. In addition, the proforma balance sheet has been prepared assuming the continuation of the current business trading environment, with no material change to business conditions. In particular, we note the following key adjustments:

- the reduction in cash of $17.3 million is associated with Aspen Group's announced purchase of two sites located at Tomago and Adelaide. The purchase of these assets corresponds to the increase in property, plant and equipment in the Merged Group. Details around these acquisitions are set out in Section 8.3. Reduction in assets held for sale of $72.0 million relates to the settlement of various Aspen Group and APPF assets post 30 June 2015, including:

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[23] Non-annualised basis

  - APPF's Monkey Mia Dolphin Resort, Ningaloo Reef Resort and Exmouth Cape short stay park for net proceeds of $33.7 million, with settlement completed in September 2015
  - a vacant portion of Aspen Group's Spearwood North property was conditionally sold in April 2015 for $35.0 million, with settlement completed in August 2015
  - Aspen Group's Upper Swan property for net proceeds of $3.2 million, with settlement completed in August 2015
- elimination of Aspen Group's 42% interest in APPF carried at $45.1 million as at 30 June 2015.
- the amount of cash used under the Cash Option is assumed to be fully drawn to the capped amount of $35 million and funded by debt. Under this assumption, an additional 26.139 million shares will be issued in the Merged Group, resulting in the total number of shares outstanding post the Proposed Merger at 139.3 million
- net movements in borrowings of $20.8 million is the net repayment of debt from asset sales and the debt drawdown required to satisfy the payment of the Cash Option
- the increase in gearing from Aspen Group's deconsolidated level of 8.4% at 30 June 2015 (proforma of 1.7%) to between 27% (100% Scrip Option) and 39% (full cash uptake) for the Merged Group is a consequence of the elimination of Aspen Group's equity investment in APPF, APPF's higher gearing level (46%) and the use of debt to fund the Cash Option
- adjustments to other liabilities predominately comprise of the payment of 2H15 declared distributions of 4.5 cents per share ($5.1 million) and break and reset fees associated with interest rate swaps for both Aspen Group and APPF ($1.8 million)
- in addition, we included the Merged Group proforma balance sheet on a full Scrip Option basis, whereby the Merged Group NAV would amount to $1.20 per security.

10.6 *Impact on earnings and distributions*

The table below details the estimated impact on earnings and distributions of Aspen Group and APPF securityholders as part of the Merged Group.

Table 27: Aspen Group and APPF distributions guidance relative to equivalent in Merged Group

Cents per security unless otherwise stated	Aspen Group		APPF	
	Full Uptake Cash Option	100% Scrip Option	Full Uptake Cash Option	100% Scrip Option
FY16				
Individual company earnings guidance	8.4	8.4	4.6	4.6
Merged Group proforma	12.9	12.0	12.9	12.0
Merger Ratio	1.0	1.0	0.386	0.386
Individual company equivalent	12.9	12.0	5.0	4.6
Accretion / (dilution) to earnings guidance	4.5	3.6	0.4	0.0
Accretion / (dilution) to earnings guidance (%)	54%	44%	8%	-
Individual company distributions guidance	9.4	9.4	4.0	4.0
Merged Group proforma	12.0	12.0	12.0	12.0
Merger Ratio	1.0	1.0	0.386	0.386
Individual company equivalent	12.0	12.0	4.6	4.6
Accretion / (dilution) to distributions guidance	2.6	2.6	0.6	0.6
Accretion / (dilution) to distributions guidance (%)	28%	28%	16%	16%

Source: Aspen Group, KPMG Corporate Finance Analysis

The proforma distributions guidance have been prepared by management assuming no material changes in business conditions.

Given distributions are a function of the payout ratio selected by the responsible entity, distributions should also be considered in light of underlying earnings performance. As previously noted in Section 10.6, FY16 earnings guidance of 12.9 cents has been calculated based on the number of shares post the Proposed Merger of 139.3 million, which assumes full uptake of the Cash Option. FY16 earnings guidance represents an accretion of 54% to Aspen Group's FY16 earnings guidance and 8% to APPF's FY16 earnings guidance. Under the 100% Scrip Option, the Proposed Merger is still earnings accretive to Aspen Group securityholders (27%), but earnings neutral for APPF securityholders. Despite the earnings neutral impact for APPF, we note APPF benefits from the lower stay-in-business capex of Aspen Group (given its lower exposure to short-stay accommodation) which flows through to a higher distribution per security payable under the Merged Group.

Based on the FY16 distributions guidance, the payout ratio is between 93% and 100% for FY16 on a full cash uptake and full scrip basis respectively. The full year impact of synergies would reduce the payout ratio to below 100% in FY17. The reduction in payout ratio compared to Aspen Group's historical figures is due to restructuring and transaction costs associated with the Proposed Merger.

Distribution guidance is based on estimated synergies of $1.7 million per annum in corporate overheads and interest expense savings of $0.7 million per annum. Should these cost savings not materialise post the Proposed Merger, the extent of the estimated accretion on distributions described above may be overestimated.

Management expects the Proposed Merger will have a positive impact on distributions. In particular, we note:

- forecast FY16 proforma distribution of 12.0 cents per security (on a full year basis)[24] for each Merged Group security represents an accretion of 28% over current FY16 distribution guidance to Aspen Group securityholders and reflects a 9.8% yield on Aspen Group's closing share price on 11 September 2015 of $1.225
- for APPF securityholders who elect to retain their Merged Group securities, the FY16 proforma distribution guidance represents an accretion of 16% over current APPF distributions.

10.7 *Change in risk profile*

Aspen Group securityholders and APPF securityholders are currently subject to a set of risks associated with the underlying assets and operations of Aspen Group and APPF securityholders respectively. Should the Proposed Merger proceed, there will be a change in the risks to which Aspen Group securityholders and APPF securityholders are currently exposed to.

Specifically, for Aspen Group securityholders:

- there will be increased exposure to accommodation assets, including the completion of the strategic goal of Aspen Group to focus on "value for money" accommodation
- there will be an increase in the gearing level of Aspen Group[25] given the current gearing level of APPF which is higher than Aspen Group.

For APPF securityholders:

- they will benefit from the increased liquidity of their investment as a consequence of holding Merged Group securities which are listed and tradable on the ASX. On the other hand, there will be increased risk associated with the price volatility of their investment, especially in light of the impact that sentiment has on the market value of their investment relative to intrinsic value
- there will be reduced agency risk as the management of APPF would effectively be internalised and the interests of AFML and APPF would be more closely aligned. On the other hand, APPF would be exposed to any unforeseen increase in management costs which may not otherwise apply in the current situation given the typically capped nature of external management agreements
- they will have increased exposure to non-core assets (particularly Spearwood) and the risks relating to the divestment of this asset
- they will benefit from the lower gearing of the Merged Group, as well as increased distributions on a per APPF security basis.

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[24] Based on 2H16 distribution forecast of 6.0 cents per Merged Group security.

[25] Aspen Group deconsolidated gearing of approximately 8.4% will increase to between 27% (full scrip) and 39% (full cash uptake) post the Proposed Merger. Management have calculated gearing as borrowings less cash over total assets less cash.

Collectively, Aspen Group securityholders and APPF securityholders will benefit from the lower risk of the enlarged Merged Group (relative to either Aspen Group or APPF) owing to its larger and more diversified operations, lower cost base via the potential for synergies, and an improved ability to access capital markets and capitalise on industry wide dynamics such as consolidation.

11 Evaluation of Proposed Merger

In order to evaluate whether the Proposed Merger is fair, it is necessary to compare the consideration offered under the Scrip and Cash Options to the value of the APPF securities to be acquired. As we are reporting to both Aspen Group and APPF securityholders, we have considered this from their relevant perspectives:

- *Aspen Group securityholders*. Under the Scrip Option, Aspen Group is paying APPF securityholders with Merged Group securities. Under the AGL Scheme, Aspen Group securityholders receive one Merged Group security for each Aspen Group security held. To remove the effect of APPF's contribution to the pricing of Merged Group securities, we assessed the value of Merged Group securities on a pre-deal basis, with reference to the pre-deal trading price and NAV of Aspen Group securities.
- *APPF securityholders*. Under the Scrip Option, APPF securityholders will receive Merged Group securities on a post-deal basis. On this basis, we have estimated the fair value of a Merged Group security having regard to the operating metrics of the Merged Group.

Outlined in the remainder of this section is the assessed fair value of an APPF security, the consideration paid by Aspen Group to APPF, and the consideration received by APPF securityholders.

11.1 *Valuation methodologies*

Our valuation has been prepared on the basis of 'market value'. The generally accepted definition of market value (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a willing, but not anxious buyer and a willing, but not anxious seller, acting at arm's length and with knowledge of all relevant operational and financial information.

Market value excludes 'special value', which is the value over and above market value that a particular buyer, who can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

Market value is commonly derived by applying one or more of the following valuation methodologies:

- the capitalisation of a sustainable level of earnings (Capitalised Earnings)
- the discounting of expected future cash flows (DCF)
- the estimation of the net proceeds from an orderly realisation of assets (Net Assets)
- trading prices for the company's securities on the ASX.

These methodologies are discussed in greater detail in Appendix 4. Ultimately, the methodology adopted is dependent on the nature of the underlying business and the availability of suitably robust information. A secondary methodology is typically adopted as a cross-check to ensure reasonableness of outcome, with the valuation outcome ultimately being a judgement derived through an iterative process.

Where a company is listed and liquid, the trading price typically reflects the market's prevailing view of the fair value of a minority interest, as is therefore the first point of reference.

For profitable businesses, methodologies such as capitalised earnings and DCF are commonly used as they reflect 'going concern' values which typically incorporate some element of goodwill over and above the value of the underlying assets. For businesses that are either non-profitable, non-tradeable or asset rich, net realisable value is typically adopted as there tends to be minimal goodwill, if any.

11.2 *Valuation of an APPF security*

Since Aspen Group is acquiring 58% of APPF, it is obtaining control of APPF and therefore we have valued an APPF security on a standalone, control basis.

We have assessed the value of an APPF security on an adjusted NTA basis to be in the order of $0.44, as set out in the table below.

Table 28: APPF net tangible assets

$ millions	Section Ref.		APPF Proforma
Cash	9.6		1.8
Investment properties[1]	9.4		189.0
Other assets	9.6		2.8
Total assets		A	**193.6**
Borrowings	9.6		73.6
Other liabilities	9.6		13.7
Total liabilities		B	**87.3**
Net tangible assets		C=A-B	**106.3**
Less: capitalised overhead costs	11.2	D	(3.0)
Adjusted net tangible assets		E=C-D	103.3
Securities on issue (million)	11.2	F	232.6
Adjusted NTA / security ($)		G=E/F	**0.44**

Sources: KPMG Corporate Finance Analysis, Management
Note 1: Carrying value of investment properties totalled $189.0 million and comprise of residential and short stay properties of $169.1 million and resource properties of $19.9 million

Our valuation of an APPF security is based on the net assets methodology. REITs, particularly those which passively hold portfolios of properties, are commonly valued with reference to net asset values. This methodology is preferred for APPF as its value lies in its underlying properties and not the ongoing operations of the fund. The net assets methodology requires a valuer to determine the market value of the assets and liabilities at the valuation date, before deducting an allowance for corporate costs incurred to manage the portfolio. This approach represents the market value of the underlying assets, which is different to the net proceeds derived on a winding up of an entity (where CGT and other wind-up costs may apply).

For the purpose of this assessment, we have relied upon APPF's proforma balance sheet at 30 June 2015, as outlined in more detail in Section 9.6. In this regard, we note the principal proforma adjustment has been to reflect recent asset sales. Under a net assets methodology, a premium can be added to reflect the value of intangible assets not recorded on the balance sheet. In this respect however, we do not consider there to be any material intangible assets or premium applicable to APPF given the passive nature of the business and the limited development potential having regard to its capital constraints.

Investment properties

The net asset value of APPF is largely dependent on the value of the underlying property portfolio. On a proforma basis, at 30 June 2015, APPF's property portfolio was valued at $189 million[26], representing 98% of total assets. The carrying value takes into account the latest independent valuations, performed during FY15 and any subsequent property specific overheads incurred post the valuation date.

We understand the independent property valuations are generally prepared every three years, and consider several factors such as projected rental and occupancy rates, property operating expenses, capital expenditure and interest rates, changes in tenants, changes in competitors, changes in operating costs and any significant adverse changes in legal factors or business climate. In determining the fair value, property valuers typically use a number of methodologies including the capitalisation of net income method, the discounted cash flow method and direct comparison to determine individual property values.

KPMG Corporate Finance has relied on the independent valuations conducted by third party valuers for the purposes of this report, and did not undertake its own valuations of the properties. KPMG Corporate Finance has undertaken a review of the independent valuations for APPF and has concluded that:

- the property valuers were independent of APPF
- the engagement instructions were appropriate and did not limit the scope of the valuations
- the property valuations were completed by reputable valuation companies and by valuers who have the appropriate qualifications in accordance with the standards of the Australian Property Institute
- the valuation methods used appear to be consistent with those generally applied in the industry, with the valuation conclusions selected having regard to the results of each methodology.

We note our review does not imply that the valuations have been subject to any form of audit or due diligence. In addition, we note that the valuations:

- assume that the properties are sold on an individual basis (and not sold in one line)
- the property valuations incorporate property management fees in relation to each property net of the recovery of these costs from visitors and tenants
- allow for selling costs, in accordance with normal property valuation methodology.

[26] Excluding non-core assets

As the carrying value is based on independent valuations, including property specific costs subsequent to the valuation date, we have utilised the carrying value for the purposes of the calculation of the adjusted APPF NTA.

Other assets and liabilities

As at 30 June 2015, interest bearing liabilities were carried at amortised cost and KPMG Corporate Finance considers such values reasonable for the purpose of assessing the adjusted NTA for APPF. As previously discussed in Section 9.6, total interest bearing liabilities reflects the latest repayment post the successful divestment of held for sale assets. Other assets and liabilities have been recorded at face value and KPMG Corporate Finance considers such values reasonable for the purpose of assessing the net assets of APPF.

Capitalised overhead costs

APPF incur ongoing corporate overhead costs which include:

- responsible entity / management fees
- corporate overheads in relation to administrative fees, professional fees and insurance.

The independent property valuations only reflect costs associated with the management of the properties and do not reflect any corporate overheads. We therefore consider it appropriate to adjust the APPF NTA by deducting the capitalised value of incremental compliance costs to be incurred by Aspen Group in managing the APPF portfolio. We have capitalised these selected costs at a multiple of 8 times, which is consistent with the multiples typically applied for costs of this nature in the context of A-REITs, and consistent with multiples applied in other independent expert reports involving A-REITS.

Number of securities on issue

As at 31 August 2015, APPF had 232.6 million securities on issue, which we divided into the adjusted NTA of APPF to derive the value of an APPF security on this basis.

11.2.1 Cross check

As a cross check to our primary net assets methodology, we have applied a capitalisation of earnings method with reference to the implied EBITDA multiples and distribution yields of our valuation and compared them to those of the comparable listed companies. Outlined in the table below are the implied EBITDA multiple and distribution yields of our valuation of APPF.

Table 29: APPF implied multiples cross check

Implied metrics	Section Ref.		APPF
Equity value	11.2	A	103.3
Net debt[1]	9.6	B	71.8
Enterprise value		C=A+B	175.1
FY15 EBITDA[2]	9.5	D	16.5
FY15 EBITDA multiple		E=C/D	10.6x
FY16 distributions guidance ($/security)	9.5.1	F	0.040
Adjusted NTA / security ($)	11.2	G	0.44
FY16 distributions yield (guidance)		H=F/G	9.0%

Sources: KPMG Corporate Finance Analysis
Note 1: Net debt comprises $73.6 million in debt, less $1.8 million in cash
Note 2: FY15 EBITDA calculated as $4.7 million in underlying profit before tax plus $6.9 million in depreciation and $4.9 million in finance expenses

These metrics were compared to those of comparable companies, as summarised in the table below.

Table 30: Comparable company metrics

Comparable companies	Enterprise value ($ millions)	EBITDA multiple (LTM)	Dividend Yield (FY16)
Accommodation REITS			
Ingenia Communities Group	605	36.8x	4.1%
Alternative/other REITS			
Folkestone Education Trust	711	16.5x	6.3%
Arena REIT	489	17.5x	6.7%
Hotel Property Investments Ltd	624	17.9x	7.1%
National Storage REIT	1,070	26.8x	5.7%
Total Mean		**23.1x**	**6.0%**
Total Median		**17.9x**	**6.3%**

Sources: Capital IQ

Our assessed value of APPF on an adjusted NTA basis of $103.3 million implies a FY15 EBITDA multiple of 10.6 times and a 9.0% forecast yield based on FY16 distribution guidance. The implied EBITDA multiple is significantly below that of the comparable companies, whilst its implied yield is well above. This is not unreasonable considering APPF's smaller scale, constrained growth and unlisted status, characteristics of which are consistent with lower valuation metrics typically observed for such companies.

However, we note that in the current market, we consider the fair value of APPF exceeds both the adjusted NTA and proforma NAV for the following reasons:

- recent transactions of passive A-REITs[27] have occurred in the range of 1.1% to 16.1% over reported NTA (refer Appendix 4), with the more recent transactions occurring at the upper end of the range
- comparable A-REITs are currently trading at premia of circa 20% to reported NTA (refer Appendix 4)
- the Discovery Proposal, notwithstanding it is for a non-controlling position, is priced at a 20% premium to APPF's proforma NAV
- there are $1.7 million in synergistic benefits that are expected to be achieved from the Proposed Merger of which are not reflected in our assessment of adjusted NTA and are largely available to acquirers of APPF. As these are largely cost-based synergies, we consider there to be a high degree of certainty that they will be achieved.

11.3 *Assessment of consideration paid (from Aspen Group securityholder perspective)*

As mentioned earlier, under the Scrip Option, Aspen Group securityholders are paying APPF securityholders with Merged Group securities. Under the AGL Scheme, Aspen Group securityholders will receive one Merged Group security for each Aspen Group security held. To remove the effect of APPF's contribution to the pricing of Merged Group securities, we assessed the value of Merged Group securities on a pre-deal basis, with reference to the pre-deal trading price and adjusted NTA of Aspen Group securities.

We have assessed the fair value of an Aspen Group security on a pre-deal basis to be in the range of $1.20 to $1.25 (refer Sections 11.3.1 and 11.3.2), which implies a consideration paid in the order of $0.46 to $0.50 per APPF security, as outlined in the table below.

[27] Passive A-REITs are considered to have minimal property development activities. Recent transactions since December 2013 comprise Folkestone Social Infrastructure, Mirvac Industrial Trust, Challenger Diversified Property Group and Commonwealth Property Office Fund

Table 31: Assessment of the consideration offered

	Section Ref.		$1.20 100% Scrip	$1.20 Full Uptake Cash	$1.25 100% Scrip	$1.25 Full Uptake Cash
Aspen Group security (minority basis)	11.3.3	A	1.20	1.20	1.25	1.25
Merger Ratio		B	0.386	0.386	0.386	0.386
Implied price per APPF security		C=AxB	0.46	0.46	0.48	0.48
Cash (% of total consideration)[24]			0.0%	49.8%	0.0%	49.8%
Scrip (% of total consideration)			100.0%	50.2%	100.0%	50.2%
Cash Consideration		D	0.00	0.26	0.00	0.26
Scrip Consideration		E	0.46	0.23	0.48	0.24
Total Consideration		**F=D+E**	**0.46**	**0.49**	**0.48**	**0.50**

Source: KPMG Corporate Finance Analysis

The calculation has been based on the following assumptions:

- we assessed the fair value of an Aspen Group security of $1.20 to $1.25 having regard to the prevailing traded price and adjusted NTA prior to announcement of the Proposed Merger, as outlined in Sections 11.3.1 and 11.3.2 respectively
- based on a Merger Ratio of 0.386, our selected value per Aspen Group security implies a consideration of $0.46 to $0.48 per APPF security under the Scrip Option
- the percentage of APPF securities (excluding those held by Aspen Group) which elect the Cash Option ranges between 0% (full scrip) to 49.8% (full cash uptake)[28]. This translates to a cash consideration of between nil and $0.26 per APPF security
- the percentage of securities exchanged for scrip comprises those not exchanged for cash, and translates to a scrip consideration of between $0.23 to $0.48 per APPF security
- based on our selected price of $1.20 to $1.25 per Aspen Group security, the total consideration offered under the APPML Scheme is a summation of the cash and scrip components and ranges between $0.46 and $0.50 per APPF security.

11.3.1 Analysis of trading price of Aspen Group securities

Given Aspen Group is a listed entity, we considered the trading price of Aspen Group securities as one of our valuation methodologies. In the absence of unusual circumstances and other factors, a security price provides an objective measure of the value of a minority interest in a company where the securities are liquid. In this regard, we note the following in relation to the recent security price performance of Aspen Group prior to announcement:

[28] Under the full cash uptake scenario, the number of securities acquired by cash is 67.3 million, equating to the cap of $35 million divided by $0.52 per security. This translates to 49.8% of the APPF securities not held by Aspen Group

- trading in Aspen Group securities was relatively illiquid, with the security price having traded in a narrow range for some time prior to the announcement of the Proposed Merger, as illustrated in the VWAP table below

Table 32: VWAP analysis

Period	Closing price (low) ($)	Closing price (high) ($)	Price VWAP ($)	Cumulative value ($ millions)	Cumulative volume (millions)	% of issued capital
Pre-announcement (up to 11 September 2015)						
10 day	1.20	1.28	1.23	0.6	0.5	0.5
1 month	1.20	1.36	1.27	1.4	1.1	0.9
3 months	1.20	1.37	1.31	3.5	2.7	2.4
6 months	1.20	1.37	1.29	10.9	8.5	7.5

Source: Capital IQ, KPMG Corporate Finance analysis

- the Aspen Group security price traded within a band of $1.20 to $1.37 during the six months of trading leading up to the announcement of the Proposed Merger on 14 September 2015, with 7.5% of securities on issue having traded over the same period
- 10 day VWAP leading up to the announcement of the Proposed Merger was approximately $1.23 per Aspen Group security and reflected the FY16 distribution guidance announced on 24 August 2015
- currently, Aspen Group is not covered by brokers and therefore we are unable to compare how Aspen Group has traded relative to market expectations.

Whilst the trading price provides a reflection of the market's perception of the current value of the security, the low volume of trading in Aspen Group securities limits the extent to which its security price can be assumed as the sole and reliable basis of value. In this regard, we considered alternative methodologies such as net assets to confirm the reasonableness of the trading price as an indicator of value.

11.3.2 Adjusted NTA

Using the net asset method, we have assessed the adjusted NTA of an Aspen Group security to be in the order of $1.14 per security, as set out in the table below.

Table 33: Aspen Group net tangible assets

$ millions	Section Ref.		Aspen Group Proforma
Cash	8.6		6.0
Assets held for sale	8.3		34.3
Properties (owned directly)	8.3		61.2
Investment in APPF	11.2		43.4
Other assets	8.6		6.0
Total assets		A	**150.9**
Borrowings	8.6		8.6
Other liabilities	8.6		5.2
Total liabilities		B	**13.8**
Net tangible assets		C=A-B	**137.1**
Less: Capitalised overhead costs	11.3.2	D	(8.3)
Adjusted net tangible assets		E=C-D	128.7
Securities on issue (million)	11.3.2	F	113.2
Adjusted NTA / security ($)		G=E/F	**1.14**

Source: KPMG Corporate Finance Analysis

In determining the adjusted NTA of Aspen Group, we relied upon Aspen Group's proforma balance sheet at 30 June 2015.

Investment properties

Similar to APPF, the net asset value of Aspen Group is largely dependent on the value of its underlying property portfolio. On a 30 June 2015 proforma basis, Aspen Group's property portfolio comprised direct investments in five properties valued at $61.2 million, representing 40% of total assets. Its 42% interest in APPF was valued with reference to our assessed adjusted NTA of APPF, resulting in a value of $43.4 million, or 29% of total assets.

Since Tomago Van Village and Adelaide Caravan were acquired recently, we adopted the carrying values which reflect the acquisition price paid.

The other three directly held properties take into account the latest independent valuations, performed during FY15 and any subsequent property specific overheads incurred during FY15 post the valuation date. Similar to APPF property valuations, the independent valuations of these directly held properties are prepared every three years under similar scope by qualified and experienced valuers whom use commonly adopted methodologies and assumptions and consider the same factors which impact operating performance.

As the carrying value is based on independent valuations, including property specific costs subsequent to the valuation date, we have utilised the carrying value for the purposes of the calculation of the Aspen Group NTA.

Other assets and liabilities

As at 30 June 2015, interest bearing liabilities were carried at amortised cost and KPMG Corporate Finance considers such values reasonable for the purpose of assessing the adjusted NTA for Aspen Group. Other assets and liabilities have been recorded at face value and KPMG

Corporate Finance considers, on the basis of materiality, such values reasonable for the purpose of assessing the net assets of Aspen Group.

Aspen Group also hold management rights over APPF, which are typically valued as a separate intangible. However, given the subscale size of APPF, the fee concessions made by Aspen Group to APPF, and the need to restructure APPF which provides uncertainty as to the ongoing fees generated under the current agreement, we did not attribute a separate value to the management rights as part of our adjusted NTA analysis.

Capitalised overhead costs

Consistent with the approach adopted in determining the adjusted NTA of APPF, we consider it appropriate to adjust the Aspen Group NTA by deducting the capitalised value of certain costs particularly relating to the compliance obligations of Aspen Group on a standalone basis. We have capitalised these selected costs at a multiple of 8 times, which is consistent with the multiples typically applied for costs of this nature in the context of A-REITs, and consistent with multiples applied in other independent expert reports involving A-REITS.

Number of securities on issue

As at 31 August 2015, Aspen Group had 113.2 million securities on issue, which we divided into the adjusted NTA of Aspen Group to derive the adjusted NTA per Aspen Group security.

11.3.3 Value conclusion and cross check

Based on the analysis of the trading price and adjusted NTA above, we have estimated the fair value of an Aspen Group security on a minority interest basis to be in the range of $1.20 to $1.25 per stapled security.

Table 34: Assessed value of an Aspen Group security

$ / security	Section Ref.		Aspen Group
Adjusted NTA	11.3.2		1.14
10 day VWAP (pre-announcement)	11.3.1		1.23
		Low	High
Assessed value	11.3.3	1.20	1.25

Source: KPMG Corporate Finance Analysis

Our assessed range is consistent with recent trading prior to merger announcement and at a slight premium to adjusted NTA to reflect a nominal value for the management rights associated with APPF.

As a cross check to our selected range, we have referred to the implied EBITDA multiples, distribution yield and premium to proforma NAV of our assessed range, as outlined in the table below.

Table 35: Cross check – Aspen Group security price

$ millions	Section Ref.		Low	High
Security price ($)	11.3.3	A	1.20	1.25
Securities outstanding (millions)	11.3.2	B	113.2	113.2
Equity value		C=AxB	135.8	141.5
Net debt[1]	8.6	D	2.6	2.6
Enterprise value		E=C+D	138.4	144.0
FY15 EBITDA[2]	8.5	F	11.6	11.6
FY15 EBITDA multiple		G=E/F	**11.9x**	**12.4x**
FY16 distributions guidance ($/security)	8.5.1	H	0.094	0.094
Assessed security price ($)	11.3.3	I=B	1.20	1.25
FY16 distributions yield (guidance)		J=H/I	**7.8%**	**7.5%**
Security price	11.3.3	K=A	1.20	1.25
Proforma NAV per security	8.6	L	1.25	1.25
Fair value as premium / (discount) to proforma NAV		M=K/L-1	**(4.0)%**	**(0.0)%**

Sources: KPMG Corporate Finance Analysis
Note 1: Net debt comprises $8.6 million in debt, less $6.0 million in cash
Note 2: FY15 EBITDA calculated as $8.1 million in underlying profit before tax plus $2.2 in depreciation and $1.3 million in finance expenses

These metrics were compared to those of comparable companies and transactions, as summarised in the table below.

Table 36: Comparable companies and transactions

	Enterprise value ($ millions)	EBITDA multiple (LTM)	Dividend Yield (FY16)	Premium/ (discount) to NTA	VWAP Premium/ (discount) to NTA
Comparable companies					
Accommodation REITS					
Ingenia Communities Group	605	36.8x	4.1%	12%	11%
Alternative/other REITS					
Folkestone Education Trust	711	16.5x	6.3%	15%	12%
Arena REIT	489	17.5x	6.7%	26%	23%
Hotel Property Investments Ltd	624	17.9x	7.1%	24%	27%
National Storage REIT	1,070	26.8x	5.7%	21%	20%
Total Mean		**23.1x**	**6.0%**	**20%**	**19%**
Total Median		**17.9x**	**6.3%**	**21%**	**20%**
Comparable transactions (passive trusts since December 2013)[1]					
Mean				9%	
Median				10%	

Sources: Capital IQ
Note 1: Recent transactions involving passive trusts since December 2013 comprise Folkestone Social Infrastructure, Mirvac Industrial Trust, Challenger Diversified Property Group and Commonwealth Property Office Fund, as detailed in Appendix 4

Our selected midpoint price for Aspen Group implies a FY15 EBITDA multiple of 12.2 times, a distribution yield of 7.6% based on FY16 distribution guidance, and a discount to proforma NAV of 2.0%. The implied EBITDA multiple and premium to NAV is below that of the comparable companies, whilst its distribution yield is above. This is not unreasonable given its smaller scale and complicated organisational structure, characteristics of which are consistent with lower valuation metrics typically observed for such companies.

11.4 *Assessment of consideration received (from APPF securityholder perspective)*

As mentioned previously, under the Scrip Option, APPF securityholders will receive Merged Group securities. On this basis, we have estimated the fair value of a Merged Group security having regard to the operating metrics of the Merged Group.

We have estimated the fair value of a Merged Group security to be in the range of $1.30 to $1.40 (refer to the remainder of Section 11.4), which implies a consideration received in the range of $0.50 to $0.54 per APPF security, as outlined in the table below.

Table 37: Assessment of the consideration received

	Section Ref.		$1.30 100% Scrip	$1.30 Full Uptake Cash	$1.40 100% Scrip	$1.40 Full Uptake Cash
Merged Group security price (minority basis)	11.3.3	A	1.30	1.30	1.40	1.40
Merger Ratio		B	0.386	0.386	0.386	0.386
Implied price per APPF security		C=AxB	0.50	0.50	0.54	0.54
Cash (% of total consideration)			0.0%	49.8%	0.0%	49.8%
Scrip (% of total consideration)			100.0%	50.2%	100.0%	50.2%
Cash Consideration		D	0.00	0.26	0.00	0.26
Scrip Consideration		E	0.50	0.25	0.54	0.27
Total Consideration		**F=D+E**	**0.50**	**0.51**	**0.54**	**0.53**

Source: KPMG Corporate Finance Analysis

The calculation has been based on the following assumptions:

- we assessed the estimated value of a Merged Group security to be in the range of $1.30 to $1.40 having regard to:
  - post announcement trading price of Aspen Group securities (refer Section 11.4.1)
  - proforma NAV of the Merged Group (refer Section 11.4.2) and premium to NTA of comparable companies and transactions
  - the implied value of a Merged Group security based on the earnings and distribution yields of Aspen Group.
- based on a Merger Ratio of 0.386, our selected value per Aspen Group security of $1.30 to $1.40 implies a consideration of $0.50 to $0.54 per APPF security under the Scrip Option
- the percentage of APPF securities (excluding those held by Aspen Group) which elect the Cash Option ranges between 0% (full scrip) to 49.8% (full cash uptake)[29]. This translates to a cash consideration of between nil and $0.26 per APPF security

[29] Under the full cash uptake scenario, the number of securities acquired by cash is 26.1 million, equating to the cap of $35 million divided by $0.52 per security. This translates to 49.8% of APPF securities not held by Aspen Group

- the percentage of securities exchanged for scrip comprises those not exchanged for cash, and translates to a scrip consideration of between $0.25 to $0.54 per APPF security
- based on our selected price of $1.30 to $1.40 per Aspen Group security, the total consideration offered under the APPML Scheme is a summation of the cash and scrip components and ranges between $0.50 and $0.54 per APPF security.

11.4.1 *Analysis of trading price of Aspen Group securities post announcement*

Whilst the trading of Aspen Group securities post announcement takes into consideration some of the impact of the Proposed Merger, it does not completely given the uncertainty of the AGL Scheme and APPML Scheme being approved as well as the risk of the achievement of expected synergies. Despite this, post announcement trading provides a useful guide as to the likely value of a Merged Group security.

Table 38: VWAP analysis

Period	Price (low) ($)	Price (high) ($)	Price VWAP ($)	Cumulative value ($ millions)	Cumulative volume (millions)	% of issued capital
Post announcement (to 25 September 2015)						
10 day	1.20	1.43	1.37	8.1	5.9	5.2

Sources: Capital IQ, KPMG Corporate Finance analysis

Post announcement on 14 September 2015, the Aspen Group security price traded within a band of $1.20 to $1.43 between 14 September 2015 and 25 September 2015, with 5.2% securities traded over the 10 day period. The Aspen Group security price increased from the closing price of $1.23 per security on 11 September 2015 (immediately prior to announcement) to a high of $1.43 per security on 18 September 2015. The 10 day VWAP post announcement was $1.37, being higher than the 10 day VWAP pre-announcement of the Proposed Merged, suggesting the market viewed the Proposed Merger as a positive outcome for Aspen Group.

Whilst the post announcement trading price may provide an indication of the market's perception of the potential value of a Merged Group security, the illiquidity of Aspen Group securities limits the extent to which its security price can be assumed as the sole and reliable basis of value. In this regard, we considered alternative methodologies such as distribution yields, earning yields and proforma NAV to confirm the reasonableness of the post announcement trading price.

11.4.2 *Proforma NAV*

We also referred to the proforma NAV of the Merged Group as an additional reference point in determining the value of a Merged Group security. In this regard, we make the following observations:

- NAV per Merged Group security ranges between $1.19 and $1.20 on a full cash uptake and full scrip basis respectively
- the Merged Group NAV is a summation of the standalone NAVs of Aspen Group and APPF, adjusted for transaction costs, consideration under the Proposed Merger and

movements in the assets and liabilities post 30 June 2015 relating to the operational activities of each entity

- the proforma NAV predominantly comprises the value of the property portfolio of which have been recently valued by independent valuers. As per our analysis of the APPF and Aspen Group property portfolio in Section 9.4 and Section 8.3 above respectively, the independent valuations are prepared every three years under an unrestricted scope by qualified and experienced valuers whom use commonly adopted methodologies and assumptions and consider the same factors which impact operating performance.

In this regard, we consider the proforma NAV to be a reasonable reference point from which to estimate the likely fair value of a Merged Group security.

11.4.3 Earnings and distributions yields metrics

Outlined in the table below is an analysis of the post announcement pricing based on pre-announcement earnings yields and distribution yields.

Table 39: Assessment of Merged Group security based on earnings and distributions yields

$ / security	Earnings	Distributions
Pre-announcement		
Aspen Group - FY16 guidance[1]	0.107	0.094
10 day VWAP	1.23	1.23
Aspen Group - FY16 yields	8.7%	7.6%

	Earnings guidance		Distributions guidance	
	Low	High	Low	High
Post announcement				
Merged Group - FY16 guidance [1,2]	0.164	0.145	0.120	0.120
Aspen Group - FY16 yields	8.7%	8.7%	7.0%	8.0%
Implied Merged Group security price	**1.89**	**1.67**	**1.71**	**1.50**

Source: Aspen Group, KPMG Corporate Finance analysis
Note 1: Earnings guidance provided by Aspen Group management, distributions guidance per Aspen Group results presentation dated 24 August 2015. Earnings guidance is pre-depreciation and reflective of a cash earnings measure rather than a statutory measure
Note 2: Earnings guidance of 16.4 cents and 14.5 cents are representative of the cash earnings guidance under full and nil uptake of the Cash Option respectively

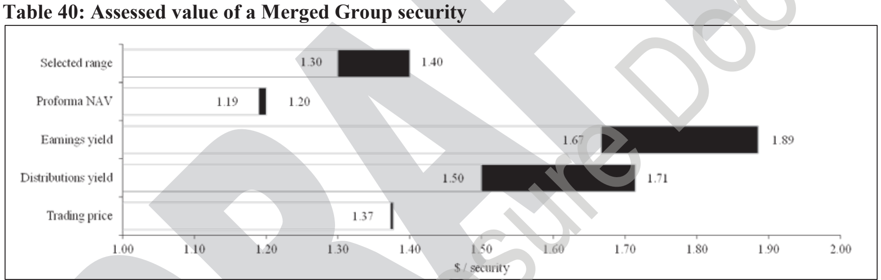
We note the following in relation to our analysis above:

- on a pre-announcement basis, the 10 day VWAP of Aspen Group security price immediately prior to announcement implied an earnings yield of 8.7% and distribution yield of 7.6% based on guidance provided prior to announcement
- adopting an 8.7% earnings yield range to post announcement cash earnings guidance of $0.145 to $0.164 per Merged Group security results in an implied value per Merged Group security of between $1.67 and $1.89
- adopting a 7.0% to 8.0% distribution yield range to post announcement distribution guidance of $0.12 per Merged Group security results in an implied value per Merged Group security of between $1.50 and $1.71

11.4.4 Conclusion on the Merged Group security price

Based on the analysis of post announcement trading price, earnings yield, distribution yield and proforma NAV above, we have estimated the likely fair value of a Merged Group security on a minority interest basis to be in the range of $1.30 to $1.40.

Table 40: Assessed value of a Merged Group security



Source: KPMG Corporate Finance Analysis

Our selected range is based on the following considerations:

- it is consistent with post-announcement trading performance which reflects current market sentiment of the benefits of the Proposed Merger
- it reflects a 9% to 17% premium to proforma NAV, which is more consistent with the trading premiums of comparable companies for which we would expect to occur as the business simplifies its structure and addressed the capital constraints of its major investment
- it reflects a discount to the pricing implied by earnings (before depreciation of properties) and distribution yields which is not unreasonable considering the uncertainty around the yield at which it may trade post-merger.

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Ian Jedlin and Jason Hughes. Ian is an Associate of the Institute of Chartered Accountants in Australia and a Senior Fellow of the Financial Securities Institute of Australasia and holds a Master of Commerce from the University of New South Wales. Jason is a Fellow of Chartered Accountants Australia and New Zealand, a Senior Fellow of the Financial Securities Institute of Australasia and holds a Bachelor of Commerce from the University of Western Australia. Both Ian and Jason have a significant number of years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Proposed Merger is in the best interests of Aspen Group securityholders and APPF securityholders. KPMG Corporate Finance expressly disclaims any liability to any Aspen Group securityholders and APPF securityholders who rely or purport to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Explanatory Memorandum, the Securityholder Booklets or any other document prepared in respect of the Proposal Merger. Accordingly, we take no responsibility for the content of the Explanatory Memorandum or the Securityholder Booklets as a whole or other documents prepared in respect of the Proposed Merger.

We note that the forward-looking financial information prepared by AGL, APPML, AFML as responsible entity of APT, and AFML as responsible entity of APPT does not include estimates as to the potential impact of any future changes in taxation legislation in Australia. Future taxation changes are unable to be reliably determined at this time.

Independence

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of Aspen Group and APPF for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to the securityholders of Aspen Group in relation to the AGL Scheme, and securityholders of APPF in relation to the

APPML Scheme. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Declarations

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (APESB). KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- the Explanatory Memorandum
- the Merger Implementation Deed
- annual reports for the periods ended 30 June 2013, 2014 and 2015 and interim financial report for half year ended 31 December 2013 and 2014 for Aspen Group
- annual reports for the periods ended 30 June 2013, 2014 and 2015 and interim financial report for half year ended 31 December 2013 and 2014 for APPF
- company presentations and ASX announcements of Aspen Group and APPF
- annual reports, company presentations and news releases of comparable companies
- industry reports from IBISWorld
- data providers including S&P Capital IQ, Thomson Reuters and Bloomberg.

Non-public information provided by Aspen Group and APPF:

- Board papers and other internal briefing papers prepared by Aspen Group, APPF and their advisers in relation to the Offer
- other confidential documents, presentations and workpapers
- external property valuations for Aspen Group and APPF properties.

In preparing this report, we have held discussions with, and obtained information from senior management and directors of Aspen Group and APPF.

Appendix 3 – Industry overview

Aspen Group and APPF own and operate a number of holiday and accommodation parks around Australia. In FY15, on a consolidated basis, Aspen Group generated the majority of its revenue (42%) from tourist occupants at its short stay resort style properties and permanent occupancy in its residential lifestyle villages. The remainder comprised accommodation demand from the resource sector (26%) and non-core assets (32%). In this regard, outlined below is an analysis of the industry in general, with a particular focus on the specific drivers of demand pertaining to Aspen Group and APPF.

Holiday parks / short-term accommodation sector

The industry services the low to medium budget bracket of holiday makers and short stay customers, with a growing shift to attracting permanent residents in order to reduce volatility in cash flows. The typical customer for which the industry caters consists of young families, travellers and retirees. Accommodation options range from self-contained cabins to powered or unpowered sites for caravan accommodation. Sites that possess upgraded guest facilities and cabins appropriate for young families prefer the term holiday park to distinguish themselves from caravan parks. These parks often charge a premium commensurate with the amenities and services offered.

The holiday and accommodation park industry is highly fragmented, comprising a large number of independent entities owning and operating caravan, holiday and mobile home parks as well as camping grounds. The largest participant, Discovery Parks Holdings Pty Ltd has a market share of 8.7%. Individual parks have overcome a lack of scale by establishing and joining member organisations like Big4 Holiday Parks of Australia Pty Ltd which provides collective marketing and administrative services to its members.

Recent history has shown a growing trend of holiday and accommodation park owners selling out to property developers as land prices in some holiday locations have risen as a function of their size and location. It is expected that this trend will continue as capital growth in land value continues and development of sites has the potential to generate greater returns.

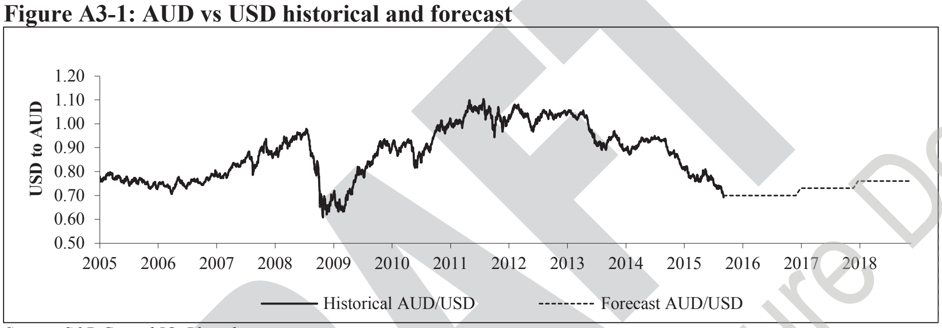
Demand drivers

Demand is impacted by a number of factors, including the number of domestic travellers, the value of the Australia dollar, economic growth as measured by Gross Domestic Product (GDP), and in Aspen Group and APPF's case, the level of investment in natural resources given the location of some of its properties. An analysis of these drivers are described below.

Australian Dollar

Tourist travel is impacted by the exchange rate, as this determines the comparative cost of travel within and outside of Australia. A strong Australian dollar adversely impacts domestic travel as it makes international travel comparatively cheaper. Outlined in the graph below is the historical and expected USD/AUD exchange rate since 2005 and to 2018.

Figure A3-1: AUD vs USD historical and forecast



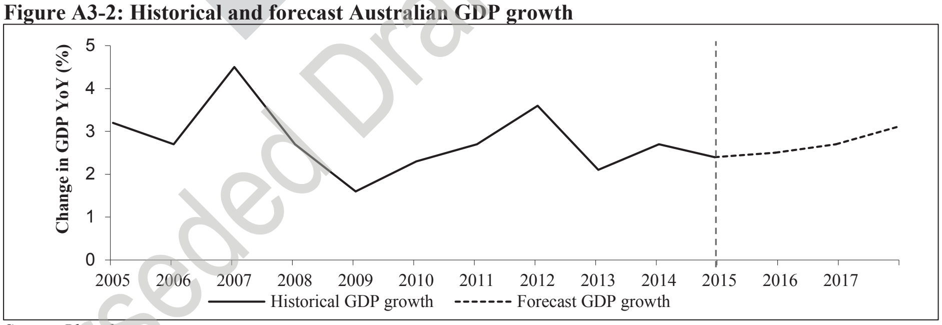
Source: S&P Capital IQ, Bloomberg

The strength in the Australian dollar in 2011 and 2012 coincided with minimal growth in the industry during this period. Industry growth recovered as the dollar fell during 2013 to 2015, and growth is expected to remain positive whilst the dollar remains at current levels.

Australian GDP

IBISWorld estimates domestic tourists accounted for more than 90% of total patronage in the industry. The demand for domestic travel is correlated with discretionary household income and population demographics, which is reflected in GDP growth. Rising incomes and increases in population lead to higher GDP. Outlined in the table below is the historical and expected GDP growth rate since 2005 and until 2017.

Figure A3-2: Historical and forecast Australian GDP growth



Source: Bloomberg

GDP growth has averaged 2.9% pa over the last 10 years and is expected to grow at an average rate of 2.6% per annum for the next two years. Such growth should support industry growth over the medium term.

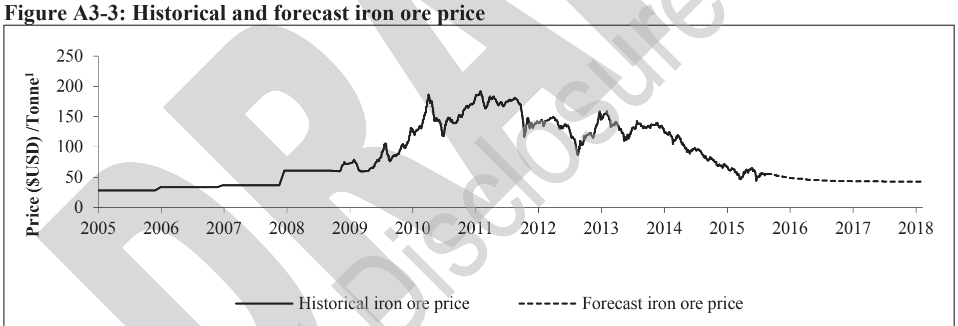
Natural resources

Aspen Group and APPF generates revenue from five short term accommodation parks which rely heavily on demand from the resources sector, particularly in Western Australia. Western Australia has experienced significant capital investment into its mining and natural resources industries from 2008 until recently, particularly around export hubs such as Port Hedland and Karratha. High iron ore prices driven by Chinese steel production and growing demand from

Asia provided an incentive for mining companies to commit to large capital investment and expansion projects. These large investments required significant labour demands which drove demand for accommodation villages where onsite accommodation had not been sufficient.

More recently however, this investment has tapered off as projects become operational. In addition, large excess supply has emerged. Combined with slowing demand for commodities from emerging countries (particularly China), this has led to dramatic falls in the price of iron ore, and subsequently mining investment. Outlined in the table below is the historical and expected performance of iron ore since 2005 and up to 2018.

Figure A3-3: Historical and forecast iron ore price



Source: Reuters, The Steel Index (TSI)
Note 1: Iron ore fines (62% Fe) – CFR Tianjin Port (China)

In 2015, iron ore fell to its lowest level since 2009, with investment banks expecting further declines in the future[30]. Accordingly, decreased capital investment has reduced the need for excess accommodation, which has historically been provided by the sites close to existing mining operations.

Historical Performance & Outlook

Outlined in the graph below is the historical and expected revenue performance of the industry since 2008 and up to 2018[31].

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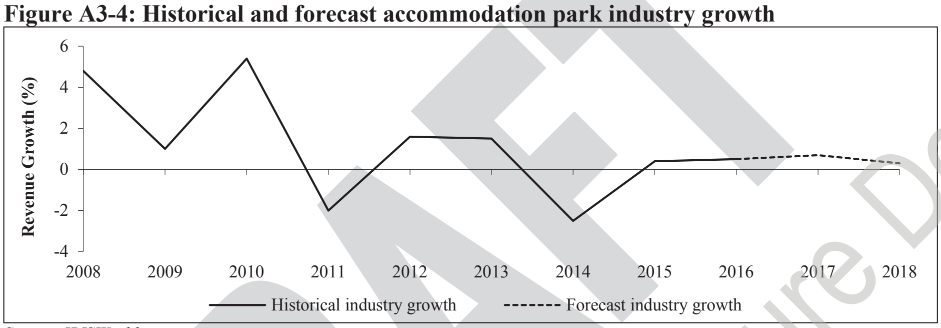
[30] Australian Financial Review:
http://www.afr.com/business/mining/ironore/ironoreatthreeweekhighbutgoldmanstillseeslowerprices20150728gimjl3

[31] *IBISWorld Industry Report H4403. Caravan Parks and Camping Grounds in Australia,* IBISWorld, August 2015

Figure A3-4: Historical and forecast accommodation park industry growth



Source: IBISWorld

Industry revenue was buoyant in 2008, driven in part by strong GDP performance. The onset of the global financial crisis in 2008/9 led to lower GDP which adversely impacted domestic travel. Lower and more volatile industry growth continued as the Australian dollar strengthened in 2011 and 2012 with domestic tourism impacted through a shift to overseas travel. To arrest this underperformance, the industry steadily undertook a process of improving facilities over the last 5 years in order to attract increased patronage and higher tariffs.

In FY16, sector revenue is expected to grow by 0.5% to reach $1.23 billion[1], buoyed by a growing retired population and a lower Australian dollar. Despite the apparent benefit from a lower Australian dollar, industry revenue growth is expected to be constrained, with annual growth of 0.7% per annum through 2016 – 2021[31].

Appendix 4 – Market evidence

Comparable companies

The following table sets out the market metrics for the comparable companies and A-REIT Index, as at the latest reporting date.

Table 41: Comparable companies and A-REIT index analysis

	Market Cap. ($ millions)	Enterprise Value ($ millions)	Gearing Ratio[1] (%)	Dividend Yield Est. (FY16)[2] (%)	Premium/ (discount) to NTA[3] (%)	VWAP premium/ (discount) to NTA[4] (%)	EV/ EBITDA Multiple
Accommodation REITS							
Ingenia Communities Group	392	605	33.9%	4.1%	12%	11%	36.8x
Alternative/other REITS							
Folkestone Education Trust	514	711	30.1%	6.3%	15%	12%	16.5x
Arena REIT	369	489	27.4%	6.7%	26%	23%	17.5x
Hotel Property Investments Ltd	375	624	44.0%	7.1%	24%	27%	17.9x
National Storage REIT	510	1,070	33.4%	5.7%	21%	20%	26.8x
Total Mean				6.0%	20%	19%	23.1x
Total Median				6.3%	21%	20%	17.9x
S&P/ASX 300 A-REIT Index (mean)				5.4%	20%	n/a	19.3x
S&P/ASX 300 A-REIT Index (median)				5.7%	10%	n/a	17.0x

Source: S&P Capital IQ, Company financial statements; KPMG Corporate Finance analysis
Note 1: Gearing ratio calculated as Net Debt over Total Assets less Cash
Note 2: Dividend yield estimates are based on FY16 dividend estimates available from S&P Capital IQ
Note 3: Premium or discount to NTA calculated as the quotient of last closing price (at 24 September 2015) over Last 12 Months NTA
Note 4: 10 day VWAP to 24 September 2015

Comparable transactions

In assessing our valuation of Aspen Group and APPF securities, we have considered transactions involving comparable companies.

Between 2009 and 2011, market conditions for REITs were particularly challenging with limited access to debt and equity funding, declines in property values and generally weaker economic conditions. As a result, a number of transactions took place under financially distressed situations for the target. More recently, REITs have undertaken numerous strategic initiatives, for example divestment of non-core assets, internalising management and other refocusing strategies, which have led to stabilising market conditions and increases in investment.

Outlined in the table below is a summary of a number of transactions which have taken place since 2009 involving A-REITs and sets out the premium or discount to NTA and the 10 day VWAPs of the target entities prior to announcement of the transaction (or notable corporate activity).

Table 42: Comparable transactions analysis

Date	Target	Consideration ($ millions)	Premium / (discount) to NTA[1]	Premium / (discount) to VWAP[2]
Jun 2015	Novion Property Group	8,045.5	29.4%	15.7%
Nov 2014	Folkestone Social Infrastructure Trust	70.2	14.0%	15.4%
Oct 2014	Mirvac Industrial Trust	77.6	16.1%	22.8%
Jun 2014	Australand Property Group	2,606.5	21.7%	14.6%
Apr 2014	Challenger Diversified Property Group	586.6	1.1%	6.4%
Dec 2013	Commonwealth Property Office Fund	2,910.0	5.2%	14.8%
Apr 2012	Thakral Holdings Ltd	507.0	(15.6)%	32.3%
Jan 2012	Charter Hall Office REIT	1,228.4	(3.9)%	22.9%
Jan 2012	Abacus Storage Fund	132.0	(8.2)%	n/a
Apr 2011	Valad Property Group	209.0	(22.1)%	52.0%
Apr 2011	Rabinov Property Trust	50.0	(4.3)%	35.8%
Dec 2010	ING Industrial Fund	1,395.0	(1.5)%	11.9%
Jul 2010	MacarthurCook Industrial Property Fund	43.3	(32.1)%	46.7%
Apr 2010	Westpac Office Trust	417.0	3.1%	14.2%
Oct 2009	Mirvac Real Estate Investment Trust	373.0	(29.9)%	56.0%
Low		43.3	(32.1)%	6.4%
High		8,045.5	29.4%	56.0%
Mean		1,243.4	(1.8)%	25.8%
Median		417.0	(1.5)%	19.3%

Source: Company financial statements, announcements and related independent expert reports; S&P Capital IQ, Thomson Reuters; KPMG Corporate
Note 1: NTA from last reported financial result for each target company
Note 2: 10 day VWAP prior to announcement of the transaction or notable corporate activity

A brief description of each transaction is outlined below.

Merger of Novion Property Group and Federation Centres

On 3 February 2015, Novion Property Group (NVN) announced its intention to enter into a merger implementation agreement with Federation Centres (FDC). As part of the transaction, each NVN security was offered 0.8225 FDC securities. Pursuant to the deal NVN securityholders owned 64 percent of the merged entity. NVN is an internally managed integrated retail property group listed on the ASX. It is a stapled entity comprising Novion Limited and Novion Trust and had $14.9 billion of retail assets under management, including a $9.1 billion directly owned investment portfolio at the time of the transactions.

Merger of Folkestone Social Infrastructure Trust with Folkestone Education Trust

On 13 November 2014, Folkestone Real Estate Management Limited, in its capacity as responsible entity of Folkestone Social Infrastructure Trust (FST), announced a merger by way of a trust scheme that would result in Folkestone Education Trust (FET) acquiring 100% of the units in FST. The offer consideration included a cash component of $0.675 per FST unit held and 1.32 securities in FET for every one FST unit held. FST primarily invests in properties within the early education, government and healthcare sectors. As at 30 June 2014, FST reported $116.1 million in total assets.

Acquisition of Mirvac Industrial Trust by AustFunding Pty Limited

On 19 September 2014, Mirvac Funds Management Limited (MFML), the responsible entity of Mirvac Industrial Trust (MIX) announced that it had agreed to a transaction whereby AustFunding Pty Limited would acquire all of the units of MIX via a trust scheme. The offer consideration was cash consideration of $0.214 per unit. The principal activity of MIX is the ownership of an industrial property portfolio in the greater Chicago metropolitan region in the US. As at 30 June 2014, MIX held gross assets of $192.0 million.

Acquisition of Australand Property Group by Frasers Centrepoint Limited

On 4 June 2014, Australand Property Group (Australand) received a conditional proposal from Frasers Centrepoint Limited for the acquisition of all of Australand's securities. The offer consideration was $4.48 per security for a total of $2.6 billion. Australand is a diversified REIT that is involved in property investment and development, property trust management and property management. Its primary focus is around commercial and industrial sectors with some focus on residential development. Australand's property investment division was comprised of 68 industrial and office assets located mostly in Melbourne, Sydney and Brisbane.

Acquisition of Challenger Diversified Property Group by Challenger Life Company Limited

On 11 April 2014, Challenger Australia Listed Property Holding Trust, a related entity of Challenger Life Company Limited, announced an off-market takeover offer for all units of Challenger Diversified Property Group (CDI), for cash consideration of $2.74 per unit. CDI is a diversified REIT with interest in 27 office, retail and industrial properties located in Australia and France. CDI also holds the lease on Sydney's Domain car park and engages in property development activities. CDI is largely a passive investment vehicle, with the majority of earnings generated from its investment properties. As at 31 December 2013, CDI had total asset value of $888 million. CDI's property portfolio is diversified across the office (59%), retail (19%), industrial (18%) and hi-tech office (4%) sectors predominantly focussed in Victoria, NSW and ACT.

Acquisition of Commonwealth Property Office Fund by DEXUS Property Group and CPPIB

On 11 December 2013, DEXUS Property Group, in conjunction with CPPIB, announced its intention to make a conditional off-market takeover offer for all of the outstanding units in Commonwealth Property Office Fund (CPA) for cash and scrip consideration for approximately $1.24 per CPA unit. As at 31 December 2013, CPA had 25 office assets with a total value of $3.8 billion and WACR of 7.3%. CPA's property portfolio was concentrated in NSW and Victoria, comprising 46.0% and 30.7% of the total portfolio value respectively.

Acquisition of Thakral Holdings Limited by Brookfield Asset Management Inc.

On 19 April 2012, Brookfield Asset Management Inc (Brookfield) announced a takeover offer of Thakral Holdings Limited (Thakral) at $0.70 per stapled security. On the same date, Brookfield enforced security under debentures which provided Brookfield with a relevant interest in 38.6% of Thakral. The offer was unanimously recommended by directors to reject the Brookfield offer. On 22 August 2012, Brookfield and Thakral entered into an implementation deed whereby Brookfield agreed to increase its offer to $0.81 per stapled security if it became entitled to 90% of Thakral securities, which occurred on 11 September 2012. Thakral's primary activity was investment in hotel, leisure, retail and commercial properties and the management of hotels in Australia. In addition, Thakral was engaged in property development activities. For the year ended 30 June 2012, Thakral's revenue comprised 79% from hotel, retail and commercial investments, and 21% from property development activities.

Acquisition of Charter Hall Office REIT by a Consortium including Charter Hall Group

On 3 January 2012, the Charter Hall Office REIT's (CQO) independent directors announced they had entered into a scheme implementation agreement with a consortium including Charter Hall Group, under which CQO, would receive a cash payment of $2.49 per CQO unit. CQO invests predominantly in high grade office buildings and at 31 December 2011, had an Australian property portfolio with total value of $1.8 billion, geographically diversified across NSW, Victoria, Queensland, South Australia and the ACT.

Merger of Abacus Storage Fund with Abacus Property Group

On 13 January 2012, Abacus Property Group (APG) announced its intention to merge with Abacus Storage Fund (Abacus). APG is an internally managed listed stapled entity, with exposure to a diversified portfolio of commercial, retail and industrial property, mortgage investments and property development ventures and property funds management activities. Abacus is an unlisted stapled entity and is one of the largest participants in the Australasian self-storage sector, owning a portfolio of 41 self-storage facilities with 30 in Australia and 11 in New Zealand and a commercial property with total value of approximately $332 million. Abacus' income was generated from storage rental income, which is subject to fluctuations as a result of the short term nature of the contracts. As such, the discount to NTA in part reflected this inherent risk in Abacus' income stream.

Acquisition of Valad Property Group by Blackstone Real Estate Advisors LLC

On 29 April 2011, Valad Property Group (Valad) announced that it had entered into a scheme of arrangement with Blackstone Real Estate Advisors LLC to acquire all of the issued shares in Valad for $1.80 per Valad security. At 31 December 2013, Valad's property portfolio consisted of 27 properties, valued at $569 million in across the office (31%), industrial (28%), bulky goods (24%) and hotel and residential sectors in Australia (88%) and New Zealand (12%).

Acquisition of Rabinov Property Trust by Growthpoint Properties Australia

On 13 April 2011, Growthpoint Properties Australia and Rabinov Property Trust (Rabinov) jointly announced an off-market takeover by Growthpoint Properties Australia for 100% of Rabinov via a scrip offer. Rabinov is a diversified property investment vehicle which, as at 31 December 2010, had a portfolio of 12 properties valued at $235 million comprising office (69.8%), industrial (28.3%) and retail (2.1%) properties. Properties were spread across Australia, however were heavily concentrated in Victoria, constituting 70.6% of the property portfolio.

Acquisition of ING Industrial Fund by a Consortium led by Goodman Group

On 24 December 2010, ING Industrial Fund (ING) announced that it had entered into an implementation agreement with Goodman Group and a Consortium, to acquire all units in ING for cash consideration of $0.546 per ING unit. ING develops, owns and manages diversified portfolio of industrial properties and business parks, and as at 31 December 2013, had a portfolio of 61 properties valued at $2.5 billion, WALE of 4.5 years and a portfolio WACR of 8.4%.

Acquisition of MacarthurCook Industrial Property Fund by CommonWealth REIT

On 12 July 2010, MacarthurCook Industrial Property Fund (Macarthur) announced that it had received a proposal from CommonWealth REIT to acquire all units in Macarthur for cash consideration of $0.44 per unit. Macarthur, an unlisted property fund had, as at 30 June 2010, a portfolio of 10 industrial properties valued at $106.1 million across Australia and WALE of 4.6 years.

Acquisition of Westpac Office Trust by Mirvac Group

On 28 April 2010, Westpac Office Trust (WOT) announced it had entered into a scheme implementation agreement with Mirvac Group in relation to an offer by Mirvac Group to acquire all WOT units and instalment receipts for cash or scrip. At 31 December 2009, WOT had a portfolio of 7 properties with a total value of $1.1 billion, WALE of 8.7 years and portfolio WACR of 7.39%. Sydney CBD properties comprised the majority of WOT's property portfolio value, representing 62% of the total portfolio value.

Acquisition of Mirvac Real Estate Investment Trust by Mirvac Group

On 12 October 2009, Mirvac Real Estate Investment Trust (Mirvac REIT) announced that it had received a proposal from Mirvac Group to acquire all the issued units in Mirvac REIT for scrip, or a combination of cash and scrip. As at 30 June 2009, Mirvac REIT had a total portfolio value of $1.0 billion across the retail (36%), commercial (31%), industrial (17%) and hotel (16%) sectors and a WALE of 4.8 years. At the time, Mirvac REIT was in financial distress.

Appendix 5 – Valuation methodology

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business ('maintainable earnings') and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of shares. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en bloc (100 percent) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Discounted cash flow

Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted (the Discount Rate) should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the Weighted Average Cost of Capital (WACC), reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values. A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.

Appendix 6 – Glossary

Definitions

Abbreviation	Description
AGL Scheme	A scheme of arrangement under Part 5.1 of the Corporations Act between AGL and each AGL shareholder
Announcement Date	14 September 2015
APPF	Means the Aspen Parks Property Fund comprising Aspen Parks Property Management Limited (ACN: 096 790 331) and Aspen Funds Management Limited (ABN: 48 104 322 278) as responsible entity of Aspen Parks Property Trust (ARSN: 108 328 669). APPML and APPT are stapled together to form APPF
APPF BC	The committee of APPF Directors comprising Mr Clive Appleton, Mr Reg Gillard and former director Hugh Martin, which has been established to represent the interests of APPF securityholders when assessing the commercial terms of the Merger, and to assess the merit of alternative proposals
APPF security	An existing stapled security in APPF, comprising one APPML share and one APPT unit
APPF securityholder	The holder of an APPF security
APPML Scheme	A scheme of arrangement under Part 5.1 of the Corporations Act between APPML and each APPML shareholder.
Aspen Group	Aspen Group Limited (ABN 50 004 160 927) including any of its Subsidiaries or Controlled Entities
Aspen Group security	An existing stapled security in Aspen Group, comprising one AGL share and one APT unit
Aspen Group securityholder	The holder of an Aspen Group security
Aspen Group BC	Mr Frank Zipfinger, Mr Guy Farrands, Mr John Carter and Mr Clem Salwin
A-REIT	Australian Real Estate Investment Trust
A-REIT Index	S&P/ASX 300 A-REIT Index
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as the context requires
ATO	Australian Taxation Office
Cash Option	The option by APPF securityholders to receive $0.52 per APPF security rather than Merged Group securities, subject to an overall cap of $35 million and pro-rata scale back
CGT	Capital gains tax
Corporations Act or the Act	Corporations Act 2001 (Cth)
Discovery	Discovery Parks Group
Discovery Proposal	Offer by Discovery Parks Group to acquire between 15% and 19.9% of APPF securities from certain APPF securityholders for $0.55 per APPF security
Explanatory Memorandum	The explanatory memorandum in respect of the Proposed Merger, dated [xx]
ICR	Interest coverage ratio
LVR	Loan to value ratio
Merged Group	The group that will result from combining APPF and Aspen Group

Abbreviation	Description
Merged Group securities	Consists of one APPML share, one AGL share, one APPT unit and one APT unit
Merger Implementation Deed	The agreement dated 14 September 2015 entered into between APPML, AGL and AFML (in its capacities as responsible entity of APT and APPT), which regulates the basis on which the Merger will be implemented
Merger Ratio	0.386 Merged Group securities for each APPF security
NAV	Net asset value
NTA	Net tangible assets
Proposed Merger	Merger of Aspen Group and APPF by way of two court approved Schemes of Arrangement
Record Date	7.00pm (Sydney time) on 8 December 2015 being the date and time which determines the entitlements of APPF securityholders and Aspen Group securityholders to participate in the Merger and receive Merger Consideration.
REIT	Real Estate Investment Trust
Schemes of Arrangement	each of the AGL Scheme and APPML Scheme
Scrip and Cash Option	A combination of the Scrip Option and the Cash Option
Scrip Option	0.386 Merged Group securities for each APPF security
Securityholder Booklets	The APPF Securityholder Information Booklet or the Aspen Group Securityholder Information Booklet (as applicable)
VWAP	Volume weighted average price
WACR	Weighted average capitalisation rate
WALE	Weighted average lease term to expiry

Appendix 6 – Glossary

Definitions

Abbreviation	Description
AGL Scheme	A scheme of arrangement under Part 5.1 of the Corporations Act between AGL and each AGL shareholder
Announcement Date	14 September 2015
APPF	Means the Aspen Parks Property Fund comprising Aspen Parks Property Management Limited (ACN: 096 790 331) and Aspen Funds Management Limited (ABN: 48 104 322 278) as responsible entity of Aspen Parks Property Trust (ARSN: 108 328 669). APPML and APPT are stapled together to form APPF
APPF BC	The committee of APPF Directors comprising Mr Clive Appleton, Mr Reg Gillard and former director Hugh Martin, which has been established to represent the interests of APPF securityholders when assessing the commercial terms of the Merger, and to assess the merit of alternative proposals
APPF security	An existing stapled security in APPF, comprising one APPML share and one APPT unit
APPF securityholder	The holder of an APPF security
APPML Scheme	A scheme of arrangement under Part 5.1 of the Corporations Act between APPML and each APPML shareholder.
Aspen Group	Aspen Group Limited (ABN 50 004 160 927) including any of its Subsidiaries or Controlled Entities
Aspen Group security	An existing stapled security in Aspen Group, comprising one AGL share and one APT unit
Aspen Group securityholder	The holder of an Aspen Group security
Aspen Group BC	Mr Frank Zipfinger, Mr Guy Farrands, Mr John Carter and Mr Clem Salwin
A-REIT	Australian Real Estate Investment Trust
A-REIT Index	S&P/ASX 300 A-REIT Index
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as the context requires
ATO	Australian Taxation Office
Cash Option	The option by APPF securityholders to receive $0.52 per APPF security rather than Merged Group securities, subject to an overall cap of $35 million and pro-rata scale back
CGT	Capital gains tax
Corporations Act or the Act	Corporations Act 2001 (Cth)
Discovery	Discovery Parks Group
Discovery Proposal	Offer by Discovery Parks Group to acquire between 15% and 19.9% of APPF securities from certain APPF securityholders for $0.55 per APPF security
Explanatory Memorandum	The explanatory memorandum in respect of the Proposed Merger, dated [xx]
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Record Date	7.00pm (Sydney time) on 8 December 2015 being the date and time which determines the entitlements of APPF securityholders and Aspen Group securityholders to participate in the Merger and receive Merger Consideration.
REIT	Real Estate Investment Trust
Schemes of Arrangement	each of the AGL Scheme and APPML Scheme
Scrip and Cash Option	A combination of the Scrip Option and the Cash Option
Scrip Option	0.386 Merged Group securities for each APPF security
Securityholder Booklets	The APPF Securityholder Information Booklet or the Aspen Group Securityholder Information Booklet (as applicable)
VWAP	Volume weighted average price
WACR	Weighted average capitalisation rate
WALE	Weighted average lease term to expiry

PART TWO – FINANCIAL SERVICES GUIDE

Dated 22 October 2015

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd **ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) **(KPMG Corporate Finance)** and Ian Jedlin as an authorised representative of KPMG Corporate Finance, authorised representative number 404177 and Jason Hughes as an authorised representative of KPMG Corporate Finance, authorised representative number 404183 **(Authorised Representative)**.

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representative and how they can be contacted
- the services KPMG Corporate Finance and its Authorised Representative are authorised to provide
- how KPMG Corporate Finance and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and the compensation arrangements that KPMG Corporate Finance has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Corporate Finance.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Corporate Finance and the Authorised Representative are authorised to provide

KPMG Corporate Finance holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services;
- securities;
- superannuation;
- carbon units;
- Australian carbon credit units; and
- eligible international emissions units,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representative's responsibility to you

KPMG Corporate Finance has been engaged by Aspen Group and APPF (Client) to provide general financial product advice in the form of a Report to be included in an Explanatory Memorandum (Document) prepared by the Client in relation to the Proposed Merger (Transaction).

You have not engaged KPMG Corporate Finance or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Corporate Finance nor the Authorised Representative are acting for any person other than the Client.

KPMG Corporate Finance and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Corporate Finance has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Corporate Finance may receive and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance $250,000 for preparing the Report. KPMG Corporate Finance and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG Corporate Finance officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Corporate Finance's representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.
Further details may be provided on request.

Referrals

Neither KPMG Corporate Finance nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representative and not by the KPMG Partnership.
From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.
KPMG entities have provided, and continue to provide, a range of audit, tax and advisory services to the Client for which professional fees are received. Over the past two years, professional fees in the order of $1.6 million have been received from the Client. None of those services have related to the Transaction or alternatives to the Transaction, or to a valuation of the underlying properties of the Client.
No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Corporate Finance or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address:	Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone:	1300 78 08 08
Facsimile:	(03) 9613 6399
Email:	info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Corporate Finance or the Authorised Representative using the contact details:

KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213

Telephone:	(02) 9335 7000
Facsimile:	(02) 9335 7200

Ian Jedlin
Jason Hughes
C/O KPMG
PO Box H67
Australia Square
NSW 1213

Telephone:	(02) 9335 7000
Facsimile:	(02) 9335 7000

Annexure B
Investigating Accountant's Report

The Directors
Aspen Group Limited
Level 18, 9 Hunter Street
Sydney NSW 2000

The Directors
Aspen Funds Management Limited
(as responsible entity of Aspen Property Trust)
Level 18, 9 Hunter Street
Sydney NSW 2000

The Directors
Aspen Parks Property Management Ltd
Level 18, 9 Hunter Street
Sydney NSW 2000

The Directors
Aspen Funds Management Limited
(as responsible entity of Aspen Parks Property Trust)
Level 18, 9 Hunter Street
Sydney NSW 2000

19 October 2015

Dear Directors

Investigating Accountant's Report

Independent Limited Assurance Report on the Merged Group's pro forma historical and forecast financial information and Financial Services Guide

We have been engaged by Aspen Parks Property Management Ltd (APPML) and Aspen Funds Management Limited (as responsible entity of Aspen Parks Property Trust) (the APPT RE) (together APPF) and Aspen Group Limited (AGL) and Aspen Funds Management Limited (as responsible entity of Aspen Property Trust) (the APT RE) (together APZ) to report on the pro forma historical income and cash flow statements for the year ending 30 June 2015, pro forma consolidated statement of financial position as at 30 June 2015 and the pro forma forecast income statement for the year ending 30 June 2016 of APPF, APZ and the Merged Group (as described below), for inclusion in the Explanatory Memorandum dated on or about 19 October 2015.

The Merged Group is the combined entity that will result from the implementation of a proposed transaction under which the stapled securities of APPF, each stapled security comprising one share in APPML and one unit in Aspen Parks Property Trust, will be stapled to the stapled securities of APZ, a listed stapled group comprising AGL and Aspen Property Trust, with participating APPF stapled securityholders able to elect to have their new quadruple stapled securities bought back for cash (subject to a cap and pro rata scale-back).

Expressions and terms defined in the Explanatory Memorandum have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001 (Cth) (Corporations Act). PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence under the Corporations Act. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

PricewaterhouseCoopers Securities Ltd, ACN 003 311 617, ABN 54 003 311 617,
Holder of Australian Financial Services Licence No 244572
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

pwc

Scope

You have requested PricewaterhouseCoopers Securities Ltd review the following financial information included in the Explanatory Memorandum:

Pro Forma Historical Financial Information

- the pro forma historical income and cash flow statements of APPF, APZ and the Merged Group for the year ending 30 June 2015; and
- the pro forma consolidated statement of financial position of APPF, APZ and the Merged Group as at 30 June 2015,

(together, the **Pro Forma Historical Financial Information**).

The Pro Forma Historical Financial Information has been derived from the historical financial information of APPF and APZ, after adjusting for the effects of pro forma adjustments described in section 8 of the Explanatory Memorandum. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the accounting policies detailed in section 8 of the Explanatory Memorandum applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 8 of the Explanatory Memorandum, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the actual or prospective statement of financial position of APPF, APZ or the Merged Group as at 30 June 2015.

Pro Forma Forecast

- the pro forma forecast income statement of APPF, APZ and the Merged Group for the year ending 30 June 2016, described in section 8 of the Explanatory Memorandum (**Pro Forma Forecast**).

The Pro Forma Forecast has been derived from individual forecasts for APZ and APPF, after adjusting for the effects of the pro forma adjustments described in section 8 of the Explanatory Memorandum. The stated basis of preparation used in the preparation of the Pro Forma Forecast is the recognition and measurement principles contained in Australian Accounting Standards detailed in section 8 of the Explanatory Memorandum applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in section 8 of the Explanatory Memorandum, as if those events or transactions had occurred as at 1 July 2015. Due to its nature, the Pro Forma Forecast does not represent the actual or prospective underlying earnings for APPF, APZ or the Merged Group for the year ending 30 June 2016.

Responsibility for Pro Forma information

As described in the Responsibility Statement set out in the Disclaimer and Important Notices section of the Explanatory Memorandum:

- the directors of APPML and the APPT RE have provided, and are responsible for, the financial information concerning APPF included in the Pro Forma Historical Financial Information and Pro Forma Forecast, or upon which that information is based, and
- the directors of AGL and the APT RE have provided, and are responsible for, the financial information concerning APZ included in the Pro Forma Historical Financial Information and Pro Forma Forecast, or upon which that information is based.

Subject to the above paragraph, APPML and the APPT RE and AGL and the APT RE are:

- individually responsible for the preparation of their respective Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments included in the Pro Forma Historical Financial Information, and

- jointly responsible for the preparation of the Pro Forma Forecast, including its basis of preparation and the selection and determination of the pro forma adjustments included in the Pro Forma Forecast.

This includes responsibility for compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of pro forma historical financial information and a pro forma forecast that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Historical Financial Information and Pro Forma Forecast, the best-estimate assumptions underlying the Pro Forma Forecast and the reasonableness of the Pro Forma Forecast, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in section 8 of the Explanatory Memorandum, and comprising the pro forma historical income and cash flow statements of APPF, APZ and the Merged Group for the year ending 30 June 2015 and the pro forma consolidated statement of financial position of APPF, APZ and the Merged Group as at 30 June 2015 is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in section 8 of the Explanatory Memorandum being the recognition and measurement principles contained in Australian Accounting Standards and the accounting policies detailed in section 8 applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in section 8 of the Explanatory Memorandum, as if those events or transactions had occurred as at the date of the historical financial information.

Pro Forma Forecast

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the pro forma forecast income statement of APPF, APZ and the Merged Group for the year ending 30 June 2016 do not provide reasonable grounds for the Pro Forma Forecast; and

- in all material respects, the Pro Forma Forecast:
  - is not properly prepared on the basis of the directors' best-estimate assumptions, as described in section 8 of the Explanatory Memorandum; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the accounting policies detailed in section 8 of the Explanatory Memorandum, applied to the forecast and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- the Pro Forma Forecast itself is unreasonable.

The Pro Forma Forecast has been prepared by management and adopted by the directors in order to provide securityholders and prospective investors with a guide to the potential earnings and distributions of APPF, APZ and the Merged Group for the year ending 30 June 2016. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Pro Forma Forecast since anticipated events or transactions frequently do not occur as expected and the variation may be material.

The directors' best-estimate assumptions on which the Pro Forma Forecast is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the APPF, APZ and the Merged Group. Evidence may be available to support the directors' best-estimate assumptions on which the Pro Forma Forecast is based; however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Securityholders and prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Merged Group, which are detailed in the Explanatory Memorandum, and the inherent uncertainty relating to the Pro Forma Forecast. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in sections 8 and 9 of the Explanatory Memorandum. The sensitivity analysis described in section 8 of the Explanatory Memorandum demonstrates the impact on the Pro Forma Forecast of changes in key best-estimate assumptions. We express no opinion as to whether the Pro Forma Forecast will be achieved.

The Pro Forma Forecast has been prepared by the directors for the purpose of inclusion in the Explanatory Memorandum. We disclaim any assumption of responsibility for any reliance on this report, or on the Pro Forma Forecast to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of APPML, the APPT RE, AGL and the APT RE, that all material information concerning the prospects and proposed operations of APPF, APZ and the Merged Group has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Notice to investors outside Australia

Under the terms of our engagement this report has been prepared solely to comply with Australian Auditing Standards applicable to review engagements.

This report does not constitute an offer to sell, or a solicitation of an offer to buy, any securities. We do not hold any financial services licence or other licence outside Australia. We are not recommending or making any representation as to suitability of any investment to any person.

Restriction on Use

Without modifying our conclusions, we draw attention to section 8 of the Explanatory Memorandum, which describes the purpose of the financial information, being for inclusion in the Explanatory Memorandum. As a result, the financial information may not be suitable for use for another purpose.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the public document in the form and context in which it is included.

Liability

The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this report in the Explanatory Memorandum. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Explanatory Memorandum.

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of this transaction other than the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Mark Haberlin
Authorised Representative

pwc

PricewaterhouseCoopers Securities Ltd
Financial Services Guide

This Financial Services Guide is dated 19 October 2015

1. About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by Aspen Parks Property Management Ltd (**APPML**) and Aspen Funds Management Ltd (as responsible entity of Aspen Parks Property Trust) (the **APPT RE**) (together **APPF**) and Aspen Group Limited (**AGL**) and Aspen Funds Management Ltd (as responsible entity of Aspen Property Trust) (the **APT RE**) (together **APZ**) to provide an independent limited assurance report (**Report**) on the financial information comprising the Pro Forma Historical Financial Information as at 30 June 2015 and the Pro Forma Forecast for the year ending 30 June 2016 included in Section 8 of the Explanatory Memorandum to be dated on or about 19 October 2015.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide (**FSG**) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on an hourly basis and as at the date of this Report amount to $140,000.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. PricewaterhouseCoopers is the auditor of APPF and APZ.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service ("**FOS**"), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

8. Contact Details

PwC Securities can be contacted by sending a letter to the following address:

Mark Haberlin
PricewaterhouseCoopers Securities Ltd
201 Sussex Street, Sydney, NSW, 2000

Annexure C
Taxation Report

KING&WOOD MALLESONS

Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

T +61 2 9296 2000
F +61 2 9296 3999

www.kwm.com

20 October 2015

The Directors
Aspen Group Limited
Level 18
9 Hunter Street
Sydney NSW 2000

The Directors
Aspen Parks Property Management Ltd
Level 18
9 Hunter Street
Sydney NSW 2000

The Directors
Aspen Funds Management Limited, in its capacity as responsible entity of Aspen Property Trust
Level 18
9 Hunter Street
Sydney NSW 2000

The Directors
Aspen Funds Management Limited in its capacity as responsible entity of Aspen Parks Property Trust
Level 18
9 Hunter Street
Sydney NSW 2000

Dear Directors

Proposal for a merger of the Aspen Group (comprising Aspen Group Limited and Aspen Property Trust) and the Aspen Parks Property Fund (comprised of Aspen Parks Property Trust and Aspen Parks Property Management Ltd)

We have been instructed by the Aspen Group ("**Aspen Group**") (comprising Aspen Group Limited ("**AGL**") and Aspen Property Trust ("**APT**") and subsidiaries) and the Aspen Parks Property Fund ("**APPF**") (comprising Aspen Parks Property Management Ltd ("**APPML**") and Aspen Parks Property Trust ("**APPT**") and subsidiaries) to prepare this letter to be included in the Explanatory Memorandum.

Capitalised terms not otherwise defined in this letter have the meaning given in the Explanatory Memorandum.

1 Scope

This letter addresses the Australian income tax, stamp duty and goods and services tax ("**GST**") implications of the Merger for securityholders of APT, AGL, APPT and APPML that participate in the Merger (referred to as "**Eligible Securityholders**" in this letter).

This letter deals only with the taxation implications relevant to Eligible Securityholders who hold (or will hold) their APT units, AGL shares, APPT units and APPML shares (together, the "**Securities**") on capital account for income tax purposes. This letter does not apply to Eligible Securityholders who:

- carry on a business of trading in shares or other securities;
- hold (or will hold) their Securities on revenue account for income tax purposes; or
- are subject to the Taxation of Financial Arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in respect of their Securities.

The information in this letter is general in nature and is based on the law in force in Australia at the time of issue of this Explanatory Memorandum. The precise taxation implications will depend upon each Eligible Securityholder's specific circumstances.

Accordingly, all persons should seek their own independent taxation advice before reaching conclusions as to the possible taxation consequences of the Merger.

The comments in this section are generally directed at Eligible Securityholders who are Australian residents and who acquired, or are taken to have acquired, their Securities after 19 September 1985 (i.e. post-CGT assets). Where relevant, specific comments have been made regarding Eligible Securityholders who are not Australian residents.

For the purposes of the discussion below, notwithstanding that each Security is stapled to another, they are treated as separate assets for tax purposes.

2 Merger Stages

It is proposed that the Merger will be implemented in seven main stages (each a "**Stage**"), which are described in detail in the Explanatory Memorandum. A summary of the stages is set out below:

Preliminary stage (Stage 1) – will involve all of the entities to be included within the Merged Group being listed, all of their respective Securities being quoted on a deferred settlement basis and the Securities of Ineligible Foreign Securityholders being transferred to the Sale Nominee (to be sold in the Sale Facility following completion of the buy-back stage – see below);

Capital re-weighting stage (Stage 2) – will involve AFML, as responsible entity of APT, undertaking a distribution of capital from APT which will be compulsorily applied by AFML as agent for the APT unitholders as an additional capital payment in respect of their existing AGL stapled shares. The aggregate amount of the capital distributions and contributions of $70 million results in AGL's capital increasing, and APT's capital decreasing, by that amount;

In-specie capital distribution stage (Stage 3) – will involve an in-specie distribution by AGL of its interest (both direct and indirect) in APPF to AGL members (as a return of capital by AGL));

Capital return stage (Stage 4) – will involve each of APPF and Aspen Group returning capital to their respective Securityholders by way of a capital reduction;

- AGL makes a capital return to its members to be implemented by way of an pro=rata equal capital reduction and APT makes a capital return to its unit holders; and

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- APPML effects a capital return to its members to be implemented by way of a pro-rata equal capital reduction and APPT effects a capital return to its unit holders.

Merger stage (Stage 5) – will involve:

- APPF securityholders applying the capital return received in the capital return stage (Stage 4) to subscribe for Aspen Group securities at a market price;
- Aspen Group securityholders applying the capital return received in the capital return stage to subscribe for APPF securities at a market price;
- the number of AGL shares, APPML shares, APT units and APPT units on issue are consolidated in accordance with the agreed merger values so that there is an equal number of each on issue; and
- the stapling of AGL shares, APT units, APPML shares and APPT units;

Buy-back stage (Stage 6) – will involve the buy-back of Merged Group Securities (comprising a selective buy-back of AGL and APPML shares and a buy-back and redemption of APT and APPT units) from those participating APPF securityholders who have elected the Cash Option, subject to the cap and pro rata scale back; and

Sale Facility stage (Stage 7) – will involve the transfer to the Sale Nominee of any Merged Group Securities which APPF securityholders have elected should participate in the Sale Facility, pursuant to a scale back of the $35 million Cash Offer. The Sale Nominee will then sell those Merged Group Securities on market together with the Merged Group Securities received in respect of the Securities of Ineligible Foreign Securityholders and remit the proceeds to the respective securityholders.

3 Overview of key Australian tax issues

Income Tax

3.1 **Preliminary Stage (Stage 1) and Sale Facility for Ineligible Foreign Securityholders (Stage 7)**:

There will be no income tax, GST or stamp duty consequences for securityholders of the listing of the entities comprising the Merged Group on the ASX.

There will be CGT consequences for foreign securityholders that are non-residents (depending on their cost base in the Securities and the sale proceeds received), but they may be eligible for an exemption from CGT if they do not hold their Securities through an Australian permanent establishment ("**PE**") and do not hold an interest of 10% or more in the Aspen Group or APPF Securities.

3.2 **Capital re-weighting stage (Stage 2)**:

The amount of the capital distribution for APT units will generally reduce your CGT cost base in the units. If your CGT cost base in your APT units is nil or is less than the amount of the capital distribution per unit, you will make a capital gain that may be eligible for the CGT discount.

Under the capital reallocation, your cost base in your existing AGL shares should be increased by the capital contribution per AGL share. Since no new shares will be issued by AGL, this will increase your cost base in your existing AGL shares.

3.3 **In-specie capital distribution (Stage 3)**:

Your cost base in your AGL shares will be reduced by the market value of the APPF Securities that you receive per share (as a return of capital). If your CGT cost base in your AGL shares is nil or is less than the market value of the APPF Securities that you receive per unit, you will make a capital gain that may be eligible for the CGT discount.

Your cost base in the APPF Securities that you receive will be equal to the market value of those Securities at the time of the in-specie distribution.

3.4 **Capital return (Stage 4)**:

The amount of the capital distribution per Security will generally reduce your cost base per Security. If the CGT cost base in your Securities is nil or is less than the amount of the capital distribution per Security, you will make a capital gain that may be eligible for the CGT discount.

3.5 **Merger (Stage 5)**:

Subscription for Securities

APPF securityholders will acquire the Aspen Group securities for a cost base equal to the market price. Similarly Aspen Group securityholders will acquire APPF securities for a cost base equal to the market price.

Consolidation of Securities

This is not a taxable event but you will be required to adjust the cost base of the consolidated Security so that each element of the cost base and reduced cost base of the new consolidated Security will be equal to the sum of the corresponding elements of each original Security.

For CGT purposes (including for the purposes of determining eligibility for the CGT discount concession on a subsequent capital gain), your consolidated Securities will be taken to have been acquired on the same date as your corresponding original Securities to which they relate.

Stapling of Securities

The stapling of AGL shares, APT units, APPML shares and APPT units should have no tax effect.

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3.6 Buy-back (Stage 6) and Sale Facility for APPF securityholders (Stage 7):

Buy back

Broadly, you will be subject to CGT in connection with the buy-back of each Security if your cost base in each Security (as adjusted in the earlier Stages) is nil or is less than the capital proceeds you receive in connection with the buy-back of each Security.

The cash received for the Buy Back will need to be apportioned on a reasonable basis to each separate Security subject to the Buy-back. The amount allocated in the Explanatory Memorandum sets out the basis for the allocation.

APPF Securityholder Sale Facility

There will be CGT consequences for you (depending on your cost base in the Securities and the sale proceeds received) on the disposal of your Securities. The tax consequences of each individual security disposed of will need to be determined separately (that is, the cost base and consideration received will need to be worked out separately for each Security).

Cost bases at the time of this step

Your cost base for CGT purposes of the following Securities at the time of this Stage will be as follows:

- for APPML and APPT securities, your original cost base for CGT purposes in the Securities prior to the Implementation Date, as adjusted pursuant to each relevant Stage discussed above;
- for each AGL share, the amount used to subscribe for the share at Stage 5; and
- for each APT unit, the amount used to subscribe for each unit at Stage 5.

The CGT discount will not be available in respect of any gain on sale of the Aspen Group Securities because you would not have held these Securities for more than 12 months. For APPF securities, if these Securities were originally acquired at least 12 months prior to the sale, they may qualify for CGT discount treatment.

3.7 Summary of cost base adjustments for each Stage of the Merger

In summary, the key Australian tax outcomes arising from the Merger for Australian resident Eligible Securityholders relate to the cost bases you will have in the Securities (or potential capital gains that may be realised, depending on the Securityholders circumstances), as summarised below:

Securities	Cost base adjustments – Securities held by Original Securityholders that participate in the Merger	Cost base adjustments – Securities acquired by Eligible Securityholders under the Merger
AGL shares	Current cost base per AGL share is: • increased by the capital contribution At Stage 2; • reduced by the market value of the APPF Securities distributed to an AGL shareholder per share at Stage 3; • further reduced by the amount of the capital return at Stage 4; and • adjusted as a result of the consolidation of Securities at Stage 5 such that the cost base of the new consolidated AGL shares will be equal to the sum of the cost bases of the original AGL shares that correspond to the consolidated security.	Cost base per AGL share acquired by APPF securityholders at Stage 5 will be adjusted for CGT purposes as a result of the consolidation of Securities at Stage 5 such that the cost base of the new consolidated AGL share will be equal to the sum of the cost bases of the original AGL shares acquired at Stage 5.
APT units	Current cost base per APT unit is: • reduced by the capital distributions at Stage 2; • further reduced by the amount of the capital at Stage 4; and • adjusted as a result of the consolidation of Securities at Stage 5 such that the cost base of the new consolidated APT units will be equal to the sum of the cost bases of the original APT units that correspond to the consolidated security.	Cost base per APT unit acquired by APPF securityholders at Stage 5 will be adjusted for CGT purposes as a result of the consolidation of Securities at Stage 5 such that the cost base of the new consolidated APT unit will be equal to the sum of the cost bases of the original APT units acquired at Stage 5.
APPML shares	Current cost base per APPML share is: • reduced by the amount of the capital return at Stage 4; and • adjusted as a result of the consolidation of Securities at Stage 5 such that the	Cost base per APPML share acquired by Aspen Group securityholders at Stage 5 will be adjusted for CGT purposes as a result of the consolidation of Securities at Stage 5 such

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Securities	Cost base adjustments – Securities held by Original Securityholders that participate in the Merger	Cost base adjustments – Securities acquired by Eligible Securityholders under the Merger
	cost base of the new consolidated APPML shares will be equal to the sum of the cost bases of the original APPML shares that correspond to the consolidated security.	that the cost base of the new consolidated APPML share will be equal to the sum of the cost bases of the original APPML share acquired at Stage 5.
APPT units	Current cost base per APPT unit is: • reduced by the amount of the capital return at Stage 4; and • adjusted as a result of the consolidation of Securities at Stage 5 such that the cost base of the new consolidated APPT unit will be equal to the sum of the cost bases of the original APPT units that correspond to the consolidated security.	Cost base per APPT unit acquired by Aspen Group securityholders at Stage 5 will be adjusted as a result of the consolidation of Securities at Stage 5 such that the cost base of the new consolidated APPT unit will be equal to the sum of the cost bases of the original APPT units acquired at Stage 5.

Further information to assist you in determining the cost bases of your Securities will be made available on the Aspen Group website once available.

3.8 GST

There is no Australian GST payable in respect of the transactions described above to implement the Merger.

3.9 Stamp duty

There should be no stamp duty payable by any Securityholder as a result of the Merger provided no Securityholder (together with its associates) holds an interest in AGL, APT, APPT or APPML before or after the Implementation Date of 90% or more.

4 Other issues

4.1 Provision of Tax File Number and / or Australian Business Number

If do not quote your Tax File Number ("**TFN**") or Australian Business Number ("**ABN**") or details of an exemption from quoting your TFN or ABN to AGL, APT, APPML or APPT, these entities may be obliged to withhold amounts from payments made to you at the highest marginal tax rate (plus medicare levy).

Under the Merger, Aspen Group securityholders will acquire Securities in APPF and APPF securityholders will acquire Securities in Aspen Group. Specific provisions of the *Privacy Act 1988* (Cth) and the *Taxation Administration Act 1953* (Cth) prevent these entities from disclosing the TFN of their securityholders to third parties (including each other).

Accordingly, if the Merger proceeds, APT, APPT, APPML and AGL will be unable to disclose your TFN to each other without your consent.

After approval of the Merger, the relevant entity will send you a form that you can use to consent to each entity providing your TFN or ABN or exemption to each other entity (as appropriate) on your behalf. You are not obliged to provide your TFN or ABN. However, if a securityholder does not provide their TFN or ABN or exemption, tax may be withheld on any distributions to you. However, you may be entitled to claim a credit or refund in respect of the tax withheld in your income tax return.

Yours faithfully

King & Wood Mallesons

Annexure D
Fees and Other Costs

1 Consumer advisory warning

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from A$100,000 to A$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

The above standard consumer advisory warning and the following Sections 2 to 4 are disclosures which are required by the Corporations Act to be included in this Explanatory Memorandum. The information in the consumer advisory warning is standard across product disclosure statements and is not specific to information on fees and other costs associated with an investment in APT and APPT.

2 Fees and other costs

This section shows fees and other costs that you may be charged in relation to your investment in APT and APPT (together, the **Aspen Trusts**).

These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Aspen Trusts as a whole.

Information about tax is set out in another part of this Explanatory Memorandum.

Unless otherwise stated, fees and costs disclosed in this Annexure D are inclusive of GST and net of any reduced input tax credits (to the extent that either is applicable).

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

For the purposes of this Annexure D, a reference to **Aspen Group Responsible Entity** is a reference to Aspen Funds Management Limited in its capacities as responsible entity of each of the Aspen Trusts.

TYPE OF FEE OR COST	AMOUNT[1]	HOW AND WHEN PAID
Fees when your money moves in or out of the Aspen Trusts		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination fee The fee to close your investment	Nil	Not applicable
Management costs **The fees and costs for managing your investment in the Aspen Trusts**		
Management fee	0.5% per annum of the gross asset value of the Aspen Trusts.	Payable monthly in arrears.
Ongoing expenses	The Aspen Responsible Entity will be reimbursed for its costs relating to the proper performance of its duties in respect of APT and APPT. These costs have been estimated to be 0.2% per annum of the gross asset value of the Aspen Trusts (i.e. $161 for every $50,000 invested in the Aspen Trusts).[2]	To be reimbursed from the assets of the relevant Aspen Trust when the cost is incurred or when the reimbursement is claimed.
Service fees		
Investment Switching Fee The fee for changing investment options	Nil	Not applicable

1 Including GST less any reduced input tax credits, as applicable.

2 This assumes that the net assets of the Aspen Trusts is $151,345,000, being the combined total pro forma net assets for the Aspen Trusts as at 30 June 2015. For the avoidance of doubt, the expenses set out in this table relate only to the Aspen Trusts and do not include the operating expenses of Aspen Group Limited or Aspen Parks Property Management Ltd.

3 These costs include an amount payable to advisers as described in Section 12.11.5 of the Explanatory Memorandum.

4 Calculated based on the Aspen Trusts' combined total pro forma gross net assets of $151,345,000 as at 30 June 2015.

3 Example of annual fees and costs for the Aspen Trusts

This table gives an example of how the fees and costs associated with the Aspen Trusts can affect your investment in the Aspen Trusts.

You should use this table to compare this product with other managed investment products.

Example: Annual fees and costs

Example			BALANCE OF $50,000 WITH A CONTRIBUTION OF $5,000 DURING THE YEAR[1]
	Contribution fees	Nil	For every additional $5,000 you put in, you will be charged nil.
PLUS	Management costs		**And**, for every $50,000 you have in the Aspen Trusts, you will be charged the following amounts during the year.
	Management fees	0.5% per annum	$402
	Ongoing expenses	0.2% per annum	$161
EQUALS	Cost of your investment		If you had an investment of $50,000 at the beginning of the year and put in an additional $5,000 during that year, you would be charged fees of between **$563** and **$619.30** depending on the date the additional $5,000 was invested.[2]

1 The amounts in this column are calculated based on the Aspen Trusts' combined total pro forma net assets of $151,345,000 as at 30 June 2015. The fees described in this table are paid by the Aspen Responsible Entity and are not a separate liability of Merged Group Securityholders.

2 The annual management costs are incurred progressively throughout the year and the fees charged would depend on the date the additional investment was made.

4 Additional explanation of fees and costs

4.1 Costs of the Merger

Transaction costs associated with the Merger in FY16 are estimated to be $7.0 million. These costs will be payable by Aspen Group and APPF.

Refer to Section 8.4.3 of the Explanatory Memorandum for more information on the fees and expenses of the Merger.

4.2 Reimbursement of expenses

Under the constitution of each Aspen Trust, the Aspen Responsibility Entity is entitled to be reimbursed for expenses it incurs in relation to the proper performance of its duties in respect of the relevant Aspen Trust.

The fees and other costs described in this Annexure D relate only to fees attributable to the Aspen Trusts, and do not reflect the operating expenses of Aspen Group Limited or Aspen Parks Property Management Ltd (which will also form part of the Merged Group).

These fees and other costs are paid by the relevant Aspen Responsible Entity out of the assets of the relevant Aspen Trust, and are not a separate liability of Merged Group Securityholders.

The types of expenses that might be reimbursed include the cost of convening and holding meetings of unitholders, registry expenses, audit expenses, insurance costs, financial institution fees, compliance costs and acquiring, disposing of and dealing with assets.

The constitution of each Aspen Trust does not limit the total amount of expenses that the Aspen Responsible Entity may recover.

Annexure E(1)
Scheme of Arrangement

Aspen Group Limited

(ABN 50 004 160 927) ("**AGL**")

Scheme Participants

Scheme of Arrangement –
Aspen Group Limited

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Parties	**AGL** and **Scheme Participants**	
AGL	Name	**Aspen Group Limited**
	ABN	50 004 160 927
	Address	Level 18 9 Hunter Street Sydney NSW 2000
Scheme Participants	Name	Each person registered as a holder of fully paid ordinary shares in AGL on the Record Date.

1 Definitions and interpretation

1.1 Definitions

In this Scheme:

AFML means Aspen Funds Management Limited (ABN 48 104 322 278).

AGL means Aspen Group Limited (ABN 50 004 160 927).

AGL Constitution means the constitution of AGL as amended from time to time.

AGL Register means the share register of AGL maintained by or on behalf of AGL in accordance with sections 168 and 169 of the Corporations Act.

AGL Share means a fully paid ordinary share in AGL.

AGL Shareholder means each registered holder of an AGL Share participating in the AGL Scheme.

AGL Deed Poll means the deed poll executed by AGL in favour of APT Unitholders, APPML Shareholders, and APPT Unitholders participating in the Merger Schemes, dated 23 October 2015 with such amendments as agreed by AGL, APT RE, APPML and APPT RE and, if necessary, approved by the Court.

APPML means Aspen Parks Property Management Ltd (ABN 91 096 790 331).

APPML Constitution means the constitution of APPML, as amended from time to time.

APPML Deed Poll means the deed poll executed by APPML in favour of AGL Shareholders, APT Unitholders and APPT Unitholders participating in the Merger Schemes, dated 23 October 2015 with such amendments as agreed by AGL, APT RE, APPML and APPT RE and, if necessary, approved by the Court.

APPML Register means the share register of APPML maintained by or on behalf of APPML in accordance with sections 168 and 169 of the Corporations Act.

APPML Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between APPML and each APPML Shareholder attached as Annexure E(2) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

APPML Share means a fully paid ordinary share in APPML.

APPT means Aspen Parks Property Trust (ARSN 108 328 669).

APPT Constitution means the constitution dated 8 March 2004 establishing APPT, as amended from time to time.

APPT Deed Poll means the deed poll executed by APPT RE in favour of AGL Shareholders, APT Unitholders and APPML Shareholders participating in the Merger Schemes, dated 23 October 2015 with such amendments as agreed by AGL, APT RE, APPML and APPT RE and, if necessary, approved by the Court.

APPT RE means AFML in its capacity as responsible entity of APPT.

APPT Register means the share register of APPT maintained by or on behalf of APPT RE in accordance with sections 168 and 169 of the Corporations Act.

APPT Supplemental Deed means the deed poll amending the constitution of APPT to implement and effect the APPT Trust Scheme.

APPT Trust Scheme means the arrangement in connection with the Proposal under which APPT Unitholders are compelled to subscribe for AGL Shares and APT Units, facilitated by amendments to the APPT Constitution as set out in the APPT Supplemental Deed.

APPT Unit means a fully paid ordinary unit in APPT.

APPT Unitholder means a person who is registered as the holder of APPT Units.

APT means Aspen Property Trust (ARSN 104 807 767).

APT Constitution means the constitution dated 10 May 2003 establishing APT, as amended from time to time.

APT Deed Poll means the deed poll executed by APT RE in favour of AGL Shareholders, APPML Shareholders, and APPT Unitholders participating in the Merger Schemes with such amendments as agreed by AGL, APT RE, APPML and APPT RE and, if necessary, approved by the Court.

APT RE means AFML in its capacity as responsible entity of APT.

APT Supplemental Deed means the deed poll amending the constitution of APT to facilitate and effect the APT Trust Scheme.

APT Trust Scheme means the arrangement in connection with the Proposal under which APT Unitholders are compelled to subscribe for APPT Units and APPML Shares, facilitated by amendments to the APT Constitution as set out in the APT Supplemental Deed.

APT Unit means a fully paid ordinary unit in APT.

APT Unitholder means a person who is registered as the holder of APT Units.

ASIC means the Australian Securities and Investments Commission.

Aspen Group means AGL and APT.

Aspen Group Foreign Securityholder means an AGL Shareholder:

(a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories or New Zealand; and

(b) whose address shown on the AGL Register is a place outside Australia and its external territories or New Zealand or who is acting on behalf of such a person.

Aspen Group Security means a stapled security comprising one AGL Share and one APT Unit.

Aspen Group Securityholder means the holder of an Aspen Group Security.

Aspen Parks means APPML and APPT.

Aspen Parks Security means a stapled security comprising one APPML Share and one APPT Unit.

Aspen Parks Securityholder means the holder of an Aspen Parks Security.

Aspen Registry means Link Market Services Limited (ABN 54 083 214 537).

Aspen Select RE means AFML in its capacity as trustee of the Aspen Select Property Fund.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

Business Day has the meaning given in the Listing Rules.

CHESS means Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Ltd (ABN 49 008 504 532).

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Supreme Court of New South Wales.

Court Order means the court order pursuant to which the Court approves this Scheme or the APPML Scheme (as applicable) under section 411(4)(b) of the Corporations Act.

Distribution Securityholders means those Relevant AGL Shareholders to whom Aspen Parks Securities are transferred under the In-Specie Distributions.

Effective means:

(a) (when used in relation to this Scheme and the APPML Scheme) the coming into effect, pursuant to section 411(10) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act), of the relevant Court Order, but in any event at no time before an office copy of the relevant order of the Court is lodged with ASIC; and

(b) (when used in relation to the APT Trust Scheme and the APPT Trust Scheme) the APT Supplemental Deed or the APPT Supplemental Deed (as applicable) taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date means the date on which each of this Scheme, the APPML Scheme, the APT Trust Scheme and APPT Trust Scheme become Effective.

Explanatory Memorandum means the explanatory memorandum prepared by the parties to the Implementation Deed in connection with the Proposal, lodged with ASIC on or about 23 October 2015.

Implementation Date means the date that is 8 Business Days after the Effective Date, or such other date as agreed by the parties to the Implementation Deed.

Implementation Deed means the deed titled "Merger Implementation Deed" between AGL, APT RE, APPML and APPT RE dated 14 September 2015 (as amended) in relation to the implementation of the Proposal.

In-Specie Distributions means each of the transfers of Aspen Parks Securities to Relevant AGL Shareholders under clauses 5.4(a) to 5.4(c) of this Scheme.

Ineligible Aspen Group Foreign Securityholder has the meaning given in clause 6.2 of this Scheme.

Ineligible Aspen Group Security means an Aspen Group Security held by an Ineligible Aspen Group Foreign Securityholder on the Record Date.

Ineligible Aspen Parks Foreign Securityholder has the meaning given in the APPML Scheme.

Ineligible Aspen Parks Security means an Aspen Parks Security held by an Ineligible Aspen Parks Foreign Securityholder on the Record Date.

Listing Rules means the listing rules of ASX.

Merged Group Stapled Security means an AGL Share, an APT Unit, an APPML Share and an APPT Unit which on implementation of the Merger Schemes are stapled together and registered in the name of a person.

Merger Deeds Poll means:

(a) the AGL Deed Poll;

(b) the APT RE Deed Poll;

(c) the APPML Deed Poll; and

(d) the APPT RE Deed Poll.

Merger Schemes means this Scheme, the APPML Scheme, the APT Trust Scheme and the APPT Trust Scheme.

New APPT Units means APPT Units to be issued under the Merger Schemes.

New APT Units means APT Units to be issued under the Merger Schemes.

New AGL Shares means fully paid ordinary shares in the capital of AGL to be issued under the Merger Schemes.

New APPML Shares means fully paid ordinary shares in the capital of APPML to be issued under the Merger Schemes.

Proposal means the proposal to restructure Aspen Group and Aspen Parks, pursuant to which Aspen Group Securities will be stapled to Aspen Parks Securities to create a four-way stapled group listed on ASX, which includes the implementation steps set out in this Scheme.

Record Date means 7.00pm (Sydney time) on the date that is 3 Business Days after the Effective Date, or such other date as agreed by the parties to the Implementation Deed.

Regulatory Authority includes:

(a) ASX or ASIC;

(b) a government or governmental, semi-governmental or judicial entity or authority;

(c) a minister, department, office, commission, delegate, instrumentality, agency board, authority or organisation of any government; and

(d) any regulatory organisation established under statute.

Relevant AGL Shareholder means:

(a) the Sale Nominee (in respect of all Ineligible Aspen Group Securities); and

(b) each AGL Shareholder on the Record Date other than each Ineligible Aspen Group Foreign Securityholder.

Relevant APPML Shareholder means:

(a) the Sale Nominee (in respect of all Ineligible Aspen Parks Securities);

(b) each APPML Shareholder on the Record Date other than:

   (i) each Ineligible Aspen Parks Foreign Securityholder; and

   (ii) each of AGL, AFML (in its personal capacity) and Aspen Select RE; and

(c) each of the Distribution Securityholders.

Relevant APPT Unitholder means:

(a) the Sale Nominee (in respect of all Ineligible Aspen Parks Securities);

(b) each APPT Unitholder on the Record Date other than:

   (i) each Ineligible Aspen Parks Foreign Securityholder; and

   (ii) each of AGL, AFML (in its personal capacity) and Aspen Select RE; and

(c) each of the Distribution Securityholders.

Sale Facility means the facility to be established and implemented by AGL in agreement with APT RE, APPML and APPT RE, under which Ineligible Aspen Group Securities are transferred to the Sale Nominee and Sale Securities are sold in accordance with clause 6 of this Scheme.

Sale Facility Account means the account established by the Sale Nominee in its own name, to which the Sale Nominee must deposit all funds received in respect of the Sale Securities.

Sale Facility Consideration means, in respect of each Ineligible Aspen Group Foreign Securityholder, an amount equal to the average price at which Merged Group Stapled Securities are sold by the Sale Nominee under the Sale Facility, multiplied by the number of Merged Group Stapled Securities that Ineligible Aspen Group Foreign Securityholders would otherwise have been entitled to had they participated in the Proposal (subject to rounding to the nearest whole cent or, if the amount calculated is exactly half a cent, subject to rounding down to the nearest whole cent).

Sale Nominee means UBS Securities Australia Limited (ACN 008 586 481), being the person appointed by AGL in agreement with APT RE, APPML and APPT RE, to act as the sale nominee for the purposes of the Sale Facility.

Sale Period means the 10 Business Day period commencing on the Business Day after the Implementation Date.

Sale Security means a Merged Group Stapled Security held by the Sale Nominee following participation by the Sale Nominee in the implementation of the Proposal in respect of the Ineligible Aspen Group Securities that is, or is to be, sold under the Sale Facility together with other Merged Group Stapled Securities to be sold under the Sale Facility in accordance with the APPML Scheme and APPT Trust Scheme.

Scheme means this scheme of arrangement.

Scheme Meeting means the meeting of the AGL Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider and, if thought fit, approve this Scheme.

Second Court Date means the date on which the Court makes an order pursuant to Section 411(4)(b) of the Corporations Act approving this Scheme.

Second APPT Judicial Advice means confirmation from the Court under section 63 of the Trustee Act that, APPT Unitholders having approved the APPT Trust Scheme by the requisite majorities, APPT RE would be justified in implementing the APPT Trust Scheme by giving effect to the provisions of the APPT Constitution (as amended by the APPT Supplemental Deed) and in doing all things and taking all necessary steps to put the APPT Trust Scheme into effect.

Second APT Judicial Advice means confirmation from the Court under section 63 of the Trustee Act that, APT Unitholders having approved the APT Trust Scheme by the requisite majorities, APT RE would be justified in implementing the APT Trust Scheme by giving effect to the provisions of the APT Constitution (as amended by the APT Supplemental Deed) and in doing all things and taking all necessary steps to put the APT Trust Scheme into effect.

Termination Date means 29 February 2016 or such other date as agreed by the parties to the Implementation Deed.

Trustee Act means the Trustee Act 1925 (NSW).

1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

(a) (**variations or replacements**) a document, agreement (including this agreement) or instrument is a reference to that document, agreement or instrument as amended, consolidated, supplemented, novated or replaced;

(b) (**clauses, annexures and schedules**) a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this Scheme;

(c) (**reference to statutes**) a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(d) (**law**) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(e) (**singular includes plural**) the singular includes the plural and vice versa;

(f) (**party**) a party means a party to this Scheme;

(g) (**person**) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;

(h) (**executors, administrators, successors**) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(i) (**dollars**) Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia;

(j) (**calculation of time**) a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

(k) (**reference to a day**) a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) (**meaning not limited**) the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

(m) (**holders**) a reference to a holder includes a joint holder; and

(n) (**time of day**) time is a reference to Sydney time.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Background to this Scheme

2.1 AGL, APT, APPML and APPT

(a) AGL is a public company limited by shares. It is incorporated in Australia and registered in Victoria. It has its registered office at Level 18, 9 Hunter Street, Sydney NSW 2000.

(b) AGL is admitted to the official list of the ASX and AGL Shares are officially quoted on the financial market conducted by ASX (as one of the stapled securities comprising Aspen Group Securities).

(c) APT is a registered managed investment scheme. APT RE is the responsible entity of APT.

(d) As at 23 October 2015, there are 113,206,967 Aspen Group Securities on issue (each comprising one AGL Share stapled to one APT Unit).

(e) APPML is an unlisted public company limited by shares. It is incorporated in Australia and registered in Western Australia. It has its registered office at Level 18, 9 Hunter Street, Sydney NSW 2000.

(f) APPT is a registered managed investment scheme. APPT RE is the responsible entity of APPT.

(g) As at 23 October 2015, there are 232,636,714 Aspen Park Securities on issue (each comprising one APPML Share stapled to one APPT Unit).

2.2 Implementation Deed

AGL, APT RE, APPML and APPT RE have entered into the Implementation Deed to facilitate the implementation of this Scheme, the APPML Scheme, the APT Trust Scheme and the APPT Trust Scheme.

2.3 Merger Deeds Poll

This Scheme attributes actions to APT RE, APPML and APPT RE but does not itself impose any obligations on them to perform those activities. Each of APT RE, APPML and APPT RE has agreed, by executing the relevant Merger Deed Poll, to perform the actions attributed to them under this Scheme.

3 Conditions precedent

3.1 Conditions precedent

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) as at 8.00am on the Second Court Date, the Implementation Deed and the Merger Deeds Poll not having been terminated in accordance with their respective terms;

(b) all of the conditions precedent set out in Schedule 2 ("Conditions Precedent") of the Implementation Deed (other than the conditions precedent set out in:

(i) Item 9 ("Court approval of AGL Share Scheme");

(ii) Item 10 ("Court approval of APPML Share Scheme");

(iii) Item 11 ("Court provides Second APT Judicial Advice"); and

(iv) Item 12 ("Court provides Second APPT Judicial Advice"),

of Schedule 2 ("Conditions Precedent") of the Implementation Deed) having been satisfied or waived in accordance with the terms of the Implementation Deed;

(c) the Court having approved this Scheme, with or without modification, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, AGL and the other parties to the Implementation Deed having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;

(d) the Court having approved the APPML Scheme, with or without modification, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, APPML and the other parties to the Implementation Deed having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;

(e) the granting of the Second APT Judicial Advice in relation to the APT Trust Scheme;

(f) the granting of the Second APPT Judicial Advice in relation to the APPT Trust Scheme;

(g) both:

(i) the coming into effect, pursuant to section 411(10) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act), of the Court Order in relation to this Scheme; and

(ii) the APT Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act; and

(h) both:

(i) the coming into effect, pursuant to section 411(10) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act), of the Court Order in relation to the APPML Scheme; and

(ii) the APPT Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.

3.2 Satisfaction of conditions precedent

The satisfaction or waiver of each condition precedent in clause 3.1 is a condition precedent to the binding effect of this Scheme.

3.3 Certificate in relation to conditions precedent

(a) AGL will provide to the Court at the Court hearing on the Second Court Date a certificate or such other evidence as the Court requests confirming (in respect of matters within each party's respective knowledge) whether or not all of the conditions precedent set out in clauses 3.1(a) and 3.1(b) have been satisfied or waived as at 8.00am on the Second Court Date.

(b) The certificate referred to in clause 3.3(a) will constitute conclusive evidence of whether the conditions precedent referred to in clauses 3.1(a) and 3.1(b) have been satisfied or waived.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 Termination Date

This Scheme will lapse and be of no further effect if the Effective Date has not occurred on or before the Termination Date.

5 Implementation of Scheme

5.1 Lodgement of Court Orders, APT Supplemental Deed and APPT Supplemental Deed with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme are satisfied (other than the conditions precedent in clauses 3.1(g) and 3.1(h)), as soon as practicable after the Court makes the Court Orders approving this Scheme and the APPML Scheme:

(a) AGL must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court Order approving this Scheme;

(b) APPML must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court Order approving the APPML Scheme;

(c) APT RE must lodge with ASIC a copy of the APT Supplemental Deed pursuant to section 601GC(2) of the Corporations Act;

(d) if requested by ASIC, APT RE must lodge with ASIC a consolidated copy of the APT Trust Constitution (as amended pursuant to the APT Supplemental Deed) in accordance with section 601GC(3) of the Corporations Act;

(e) APPT RE must lodge with ASIC a copy of the APPT Supplemental Deed pursuant to section 601GC(2) of the Corporations Act; and

(f) if requested by ASIC, APPT RE must lodge with ASIC a consolidated copy of the APPT Trust Constitution (as amended pursuant to the APPT Supplemental Deed) in accordance with section 601GC(3) of the Corporations Act.

5.2 Scheme Effective on Effective Date

Subject to clause 4.2, the Scheme becomes Effective on the Effective Date.

5.3 Distribution and capital reallocation

AGL must procure that:

(a) on or as soon as reasonably practicable after the Record Date, the distribution set out in Step 12(b) of Schedule 1 to the Implementation Deed is paid to Aspen Group Securityholders as at the Record Date; and

(b) following the distribution referred to in clause 5.3(a) and the transfer of Ineligible Aspen Group Securities to the Sale Nominee in accordance with clause 6.3 but prior to the In-Specie Distributions, the capital reallocation set out in Step 14 of Schedule 1 to the Implementation Deed occurs.

5.4 In-Specie Distributions

On the Implementation Date, following completion of the matters in clause 5.3:

(a) (**AGL in-specie distribution**) AAGL must undertake a capital reduction of $40,206,637 (divided equally among the AGL Shares in issue on the Record Date) with payments of that capital reduction to be effected and satisfied by AGL transferring 86,995,916 Aspen Parks Securities to Relevant AGL Shareholders on a pro-rata basis according to their respective holdings of AGL Shares, rounded as set out in clause 5.4(d).

(b) (**AFML in-specie distribution**) AGL must:

  (i) procure its wholly owned subsidiary AFML to undertake an equal capital reduction of $3,562,382 to AGL as the sole shareholder;

  (ii) undertake an equal capital reduction of $3,562,382 (divided equally among the AGL Shares on issue on the Record Date) to be effected and satisfied by AGL procuring the transfer of Aspen Parks Securities in accordance with clause 5.4(b)(iii); and

  (iii) procure its wholly owned subsidiary AFML to satisfy its obligation in respect of the equal capital reduction under clause 5.4(b)(i) by transferring 7,707,997 Aspen Parks Securities to Relevant AGL Shareholders on a pro-rata basis according to their respective holdings of AGL Shares, rounded as set out in clause 5.4(d).

(c) (**Aspen Select in-specie distribution**) AGL must:

  (i) procure Aspen Select RE to undertake a capital return of $1,406,452 from the Aspen Select Property Fund to AGL as the sole unitholder;

  (ii) undertake an equal capital reduction of $1,406,452 (divided equally among the AGL Shares on issue on the Record Date) to be effected and satisfied by AGL procuring the transfer of Aspen Parks Securities in accordance with clause 5.4(c)(i); and

  (iii) procure Aspen Select RE to satisfy its obligation in respect of the capital return under clause 5.4(c)(i) by transferring 3,043,168 Aspen Parks Securities to Relevant AGL Shareholders on a pro-rata according to their respective holdings of AGL Shares, rounded as set out in clause 5.4(d).

(d) (**Rounding of pro-rata entitlement**) The Aspen Parks Securities transferred to Relevant AGL Shareholders pursuant to the In-Specie Distributions are to be made pro-rata to all Relevant AGL Shareholders rounded as follows:

(i) each AGL Shareholder's aggregate fractional entitlement to Aspen Parks Securities under the In-Specie Distributions will be rounded down to the nearest whole number of Aspen Parks Securities; and

(ii) the Aspen Parks Securities remaining after the rounding in paragraph (i) will be allocated to those Relevant AGL Shareholders whose fractional entitlements were rounded down the most under paragraph (i) with each AGL Shareholder receiving no more than one additional Aspen Parks Security as a result of this paragraph (ii) until all the Aspen Parks Securities to be transferred under clauses 5.4(a), (b) and (c) have been allocated.

(e) (Acknowledgement) On and from completion of the In-Specie Distributions, each Relevant AGL Shareholder agrees to:

(i) become a holder of APPML Shares;

(ii) be bound by the provisions of:

(A) the APPML Constitution; and

(B) the APPML Scheme in respect of the APPML Shares transferred to it as part of the In-Specie Distributions;

(iii) become a holder of APPT Units;

(iv) be bound by the provisions of the:

(A) APPT Constitution; and

(B) APPT Trust Scheme in respect of the APPT Units transferred to it as part of the In-Specie Distributions;

(v) authorise and direct AGL, on behalf of each Relevant AGL Shareholder and as attorney and agent of each Relevant AGL Shareholder to execute transfer forms (which may be a combined matter transfer form) to give effect to the transfers of Aspen Parks Securities in accordance with this clause 5.4.

(f) (Registration of transfers) AGL must procure that APPML and APPT RE register the transfers of Aspen Parks Securities to Relevant AGL Shareholders made under this clause 5.4 by entering each Relevant AGL Shareholder on the APPML Register and APPT Register as the holder of the APPML Shares and APPT Units respectively transferred to them under the transfer forms referred to in clause 5.4(e)(v).

5.5 Application for New APPML Shares and New APPT Units

(a) On or before the Implementation Date, each Relevant AGL Shareholder authorises and directs AGL to, and AGL must, apply on behalf of each Relevant AGL Shareholder:

(i) to APPML to issue that number of New APPML Shares that it is entitled to apply for under clause 5.6 at an issue price of $0.0666655352 per New APPML Share; and

(ii) to APPT RE to issue that number of New APPT Units that it is entitled to apply for under clause 5.6 at an issue price of $0.1973470749 per New APPT Unit,

using the proceeds of the capital return payable to the Relevant AGL Shareholder under clause 5.7.

(b) In respect of the above applications in clause 5.5(a), AGL may execute any required application or subscription forms as agent and attorney for the Relevant AGL Shareholders to become a member of APPML and APPT.

5.6 Calculation of entitlement

When taken together with the applications on behalf of the Relevant AGL Shareholder under the APT Trust Scheme, each Relevant AGL Shareholder will be entitled to apply for:

(a) 1.7274689993 New APPML Shares in respect of each AGL Share and APT Unit held with any fractional entitlement rounded up or down to the nearest whole number of New APPML Shares; and

(b) 1.7274689993 New APPT Units in respect of each AGL Share and APT Unit held with any fractional entitlement rounded up or down to the nearest whole number of APPT Units.

5.7 Capital return

On the Implementation Date, AGL must make a capital return to Relevant AGL Shareholders of $0.1073370600 per AGL Share on issue on the Record Date to be applied by AGL on behalf of Relevant AGL Shareholders in applying for New APPML Shares and New APPT Units in accordance with clauses 5.5(a)(i) and 5.5(a)(ii) respectively.

5.8 AGL undertaking

AGL must, as soon as practicable but in any event no later than the Implementation Date, make the application for New APPML Shares and New APPT Units on behalf of Relevant AGL Shareholders in accordance with the provisions of clauses 5.5(a)(i) and 5.5(a)(ii) respectively by applying the proceeds of the capital return as set out in clause 5.5(a).

5.9 Issue of New APPML Shares

On the Implementation Date and upon the receipt of an application from AGL (on behalf of Relevant AGL Shareholders) to APPML for the allotment and issue of New APPML Shares in accordance with clause 5.5(a)(i) together with payment of the aggregate issue price, AGL must procure that APPML:

(a) allots and issues each Relevant AGL Shareholder the number of New APPML Shares requested in AGL's application under clause 5.5(a)(i); and

(b) enters each Relevant AGL Shareholder onto the APPML Register as the holder of the New APPML Shares issued to it.

5.10 Issue of New APPT Units

On the Implementation Date and upon the receipt of an application from AGL (on behalf of Relevant AGL Shareholders) to APPT RE for the allotment and issue of New APPT Units in accordance with clause 5.5(a)(ii) together with payment of the aggregate issue price, AGL must procure that APPT RE:

(a) allots and issues each Relevant AGL Shareholder the number of New APPT Units requested in AGL's application under clause 5.5(a)(ii); and

(b) enters each Relevant AGL Shareholder onto the APPT Register as the holder of the New APPT Units issued to it.

5.11 Issue of New AGL Shares to holders of APPML Shares and APPT Units

On the Implementation Date, AGL must:

(a) on receipt of an application for the issue of New AGL Shares made by APPML (on behalf of Relevant APPML Shareholders) in accordance with the APPML Scheme together with the payment for the total issue price:

   (i) issue to each Relevant APPML Shareholder New AGL Shares, at an issue price of $0.0902308102 per New AGL Share in accordance with that application; and

   (ii) enter in the AGL Register the name and address of each Relevant APPML Shareholder as the holder of the AGL Shares issued to it; and

(b) on receipt of an application by APPT RE (on behalf of APPT Unitholders) together with the payment for the total issue price made in accordance with the APPT Trust Scheme:

   (i) issue to each Relevant APPT Unitholder New AGL Shares, at an issue price of $0.0902308102 per New AGL Share; and

   (ii) enter in the AGL Register the name and address of each Relevant APPT Unitholder as the holder of the AGL Shares issued to it.

5.12 Treatment of excess funds

(a) AGL acknowledges for itself and on behalf of each Relevant AGL Shareholder that to the extent the application monies provided to APPML or APPT RE in respect of the applications under clauses 5.5(a)(i) and 5.5(a)(ii) exceed the aggregate of the application price per security for each of the securities issued in accordance with clauses 5.9 and 5.10, that excess amount will be treated as an asset of APPML or APPT, as applicable.

(b) To the extent the application monies provided to AGL by APPML or APPT RE in respect of the applications referred to in clause 5.11 exceed the aggregate of the application price per AGL Share for each of the AGL Shares issued in accordance with clause 5.11, that excess amount will be treated as an asset of AGL.

5.13 Consolidation and rounding

Following the implementation of the steps described in the preceding clauses, AGL must convert each AGL Share (including the New AGL Shares issued under clause 5.11) into that number of AGL Shares as is calculated by applying a conversion ratio of 0.6668030337, with the holding of each relevant AGL Shareholder rounded to ensure that following the consolidation

(a) each Relevant AGL Shareholder holds the same number of AGL Shares they held immediately prior to the In-Specie Distributions;

(b) each Relevant APPML Shareholder, other than Ineligible Aspen Parks Foreign Securityholders and Distribution Securityholders, holds that number of AGL Shares equal to 0.386 multiplied by the number of APPML Shares held immediately following the transfer of Ineligible Aspen Parks Securities to the Sale Nominee under the APPML Scheme, rounded up to the nearest whole number.

5.14 Agreement to be bound and acknowledgement of stapling

Each Relevant AGL Shareholder agrees that after the implementation of the Merger Schemes on the Implementation Date, AGL Shares may only be transferred if there is a simultaneous transfer of the same number of APT Units, APPML Shares and APPT Units.

6 Sale Facility

6.1 Appointment

AGL must, prior to the Implementation Date, appoint the Sale Nominee and must procure the Sale Nominee does all things necessary to give effect to the Sale Facility.

6.2 Determination of Ineligible Aspen Group Foreign Securityholders

After the Record Date, and prior to the Implementation Date, AGL must in agreement with APT RE, determine whether an Aspen Group Foreign Securityholder, or a class of Aspen Group Foreign Securityholders, is eligible to have issued and transferred to it or them, New APPML Shares and New APPT Units, such determination to be made having regard to whether such issue or transfer would be lawful and not unduly onerous or unduly impracticable (each Aspen Group Foreign Securityholder who is not deemed to be so eligible being an "Ineligible Aspen Group Foreign Securityholder").

6.3 Transfer of Ineligible Aspen Group Securities

After the Record Date and prior to the Implementation Date, AGL (as attorney for each Ineligible Aspen Group Foreign Securityholder) must , transfer all Ineligible Aspen Group Securities from the Ineligible Aspen Parks Foreign Securityholders to the Sale Nominee. Each Ineligible Aspen Parks Foreign Securityholder irrevocably appoints AGL as its agent and attorney to transfer the Ineligible Aspen Group Securities of that Ineligible Aspen Group Foreign Securityholder to the Sale Nominee.

6.4 Sale of Ineligible Aspen Group Securities by Sale Nominee

AGL must procure that the Sale Nominee:

(a) as soon as is reasonably practicable after the Implementation Date, sells (or procures the sale of) the Sale Securities in such manner, at such prices and at such times as it sees fit, with the objectives of:

   (i) achieving the best price for the Sale Securities that is reasonably obtainable at the time of the relevant sale;

   (ii) ensuring all sales of the Sale Securities are effected in the ordinary course of trading on ASX during the Sale Period or under a bookbuild conducted by the Sale Nominee to facilitate the sales of the Sales Securities;

(b) on each date on which a sale of Sale Securities is settled, deposits (or procures the deposit of) all funds received into the Sale Facility Account;

(c) once all the Sale Securities are sold, advises the Aspen Registry of the completion of the sale of the Sale Securities, the total gross sale proceeds and the average price of each Sale Security; and

(d) once settlement of the sale of all the Sale Securities has occurred, and in no case later than 5 Business Days thereafter, transfers (or procure the transfer of) the funds in the Sale Facility Account to the Aspen Registry.

6.5 Update by the Aspen Registry

AGL must procure that the Aspen Registry:

(a) following receipt of information from the Sale Nominee in accordance with clause 6.4(c), calculates the Sale Facility Consideration for each Ineligible Aspen Group Foreign Securityholder; and

(b) no later than 5 Business Days after the Sale Nominee has transferred the funds in the Sale Facility Account in accordance with clause 6.4(d), arranges in respect of each Ineligible Aspen Group Foreign Securityholder for payment of the Sale Facility Consideration by either:

   (i) dispatching by mail to the registered address of that Ineligible Aspen Group Foreign Securityholders a cheque or bank draft of the Sale Facility Consideration for that Ineligible Aspen Group Foreign Securityholder payable in Australian dollars (provided that, in the case of Ineligible Aspen Group Foreign Securityholders who are joint holders of Aspen Group Securities, the cheque will be made payable to the joint holders and sent to the holder whose name appears first in the Aspen Group Register as at the Record Date); or

   (ii) making an electronic funds transfer in Australian dollars to an account nominated by that Ineligible AGL Foreign Securityholders for the purposes of the Sale Facility or the payment of distributions by Aspen Group.

6.6 Warranty

Each Ineligible Aspen Group Foreign Securityholder is deemed to have represented and warranted to AGL and the Sale Nominee that all its Ineligible Aspen Group Securities (including any rights and entitlements attaching to those securities) which are transferred to the Sale Nominee under clause 6.3 will, at the time they are transferred to the Sale Nominee, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind (other than that AGL Shares must be transferred together with an APT Unit that is stapled to them), whether legal or otherwise and restrictions on transfer of any kind not referred to in this Scheme, and that it has full power and capacity to sell or otherwise transfer its Ineligible Aspen Group Securities (including any rights and entitlements attaching to those securities) in accordance with the Proposal.

6.7 Appointment as agent – financial services guide and notices

Each Ineligible Aspen Group Foreign Securityholder appoints AGL as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Nominee is required to provide to Ineligible Aspen Group Foreign Securityholders under the Corporations Act.

7 Entitlement to participate and dealings in AGL Shares

7.1 Entitlement to participate

Each Relevant AGL Shareholder will be entitled to participate in this Scheme.

7.2 Last day for dealings

For the purpose of establishing who is an AGL Shareholder on the Record Date dealings in AGL Shares on or before the close of business on the Effective Date will be recognised provided that:

(a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the AGL Register as holder of the relevant AGL Shares by the Record Date; and

(b) in all other cases, if registrable transmission applications or transfers in respect of those dealings are received on or before 5.00pm (Sydney time) on the day of the Record Date, at the place where the AGL Register is kept.

7.3 Obligation to register

AGL must register, or procure the registration of, transmission applications or transfers of the kind referred to in section 7.2(b) by the Record Date.

7.4 Transfer requests received after Record Date

AGL must not accept for registration or recognise for any purpose any transmission application or transfer in respect of AGL Shares received after 5.00pm (Sydney time) on the day of the Record Date nor any transfer or transmission in respect of dealings in AGL Shares that have occurred after the close of business on the Effective Date.

7.5 Maintaining the AGL Register

For the purpose of determining entitlements under this Scheme, AGL must until the Stapling has occurred as contemplated under paragraph 5.14, maintain the AGL Register in accordance with the provisions of section 7.4 and entitlements to be issued or transferred APPML Shares and APPT Units will be determined solely on the basis of the AGL Register.

8 General Scheme provisions

8.1 Power of attorney

Each AGL Shareholder, without the need for any further act by any AGL Shareholder, irrevocably appoints AGL and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of giving effect to this Scheme and AGL accepts such appointment.

8.2 Variations, alterations and conditions

If the Court proposes to approve this Scheme subject to any alterations or conditions, AGL may, by its counsel or solicitor, consent on behalf of all persons concerned to those alterations or conditions provided that in no circumstances will AGL be obliged to do so.

8.3 Further action by AGL

AGL must execute all documents and do all things (on its own behalf and on behalf of each AGL Shareholder) necessary or expedient to implement, and perform its obligations under, this Scheme.

8.4 Authority and acknowledgement

Each of the AGL Shareholder:

(a) irrevocably consents to AGL doing all things necessary or expedient for or incidental to the implementation of this Scheme; and

(b) acknowledges that this Scheme binds AGL and each AGL Shareholder (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against this Scheme at that Scheme Meeting).

8.5 No liability when acting in good faith

Neither AGL nor any of its officers will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

8.6 Quotation

AGL (together with APT RE, APPML and APPT RE) must apply for official quotation of all New AGL Shares, New APT Units, New APPML Shares and New APPT Units.

8.7 Enforcement of Merger Deeds Poll

AGL undertakes in favour of each AGL Shareholder to enforce the Merger Deeds Poll entered into by APT RE, APPML and APPT RE on behalf of and as agent and attorney for the AGL Shareholders.

8.8 Costs and stamp duty

AGL and APT RE must pay all stamp duty (including any fines, penalties and interest) and costs payable in connection with this Scheme.

8.9 Scheme overrides AGL Constitution

To the extent of any inconsistency and to the extent permitted by law, this Scheme overrides the AGL Constitution and binds AGL and AGL Shareholders.

8.10 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Aspen Group, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Aspen Group's registered office or at the office of the Aspen Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any AGL Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

8.11 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Relevant AGL Shareholder to AGL or APT RE binding or deemed binding between the Relevant AGL Shareholder and AGL or APT RE relating to AGL, APT RE or Aspen Group Securities, including instructions, notifications or elections relating to:

(a) whether distributions are to be paid by cheque or into a specific bank account;

(b) payments of distributions on Aspen Group Securities;

(c) notices or other communications from AGL or APT RE (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by APPML, APPT RE, AGL and APT RE in their sole discretion), by reason of this Scheme, to be made by the Relevant AGL Shareholder to APPML, APPT RE, AGL and APT RE and to be a binding instruction, notification or election to, and accepted by, APPML, APPT RE, AGL and APT RE in respect of the Merged Group Stapled Securities provided to that Relevant AGL Shareholder until that instruction, notification or election is revoked or amended in writing addressed to APPML, APPT RE, AGL or APT RE at its registry, and each Relevant AGL Shareholder will be deemed to have authorised the transfer of the instruction, notification or election from AGL or APT RE to APPML and APPT RE.

9 Governing law

9.1 Governing law

This Scheme is governed by the law in force in New South Wales.

9.2 Jurisdiction

Each party irrevocably and unconditionally:

(a) submits to the non-exclusive jurisdiction of the courts of that place.

(b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

Annexure E(2)
Scheme of Arrangement

Aspen Parks Property Management Ltd

(ABN 91 096 790 331) (“**APPML**”)

Scheme Participants

Scheme of Arrangement – Aspen Parks Property Management Ltd

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth).

Parties	**APPML** and **Scheme Participants**	
AGL	Name	**Aspen Parks Property Management Ltd**
	ABN	91 096 790 331
	Address	Level 18 9 Hunter Street Sydney NSW 2000
Scheme Participants	Name	Each person registered as a holder of fully paid ordinary shares in APPML on the Record Date and each Relevant APPML Shareholder.

1 Definitions and interpretation

1.1 Definitions

In this Scheme:

AFML means Aspen Funds Management Limited (ABN 48 104 322 278).

AGL means Aspen Group Limited (ABN 50 004 160 927).

AGL Constitution means the constitution of AGL, as amended from time to time.

AGL Deed Poll means the deed poll executed by AGL in favour of APT Unitholders, APPML Shareholders, and APPT Unitholders participating in the Merger Schemes, dated 23 October 2015 with such amendments as agreed by AGL, APT RE, APPML and APPT RE and, if necessary, approved by the Court.

AGL Register means the share register of AGL maintained by or on behalf of AGL in accordance with sections 168 and 169 of the Corporations Act.

AGL Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between AGL and each AGL Shareholder attached as Annexure E(1) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

AGL Share means a fully paid ordinary share in AGL.

AGL Shareholder means each registered holder of an AGL Share participating in the AGL Scheme.

APPML means Aspen Parks Property Management Ltd (ABN 91 096 790 331).

APPML Constitution means the constitution of APPML, as amended from time to time.

APPML Deed Poll means the deed poll executed by APPML in favour of AGL Shareholders, APT Unitholders and APPT Unitholders participating in the Merger Schemes, dated 23 October 2015 with such amendments as agreed by AGL, APT RE, APPML and APPT RE and, if necessary, approved by the Court.

APPML Register means the share register of APPML maintained by or on behalf of APPML in accordance with sections 168 and 169 of the Corporations Act.

APPML Share means a fully paid ordinary share in APPML.

APPT means Aspen Parks Property Trust (ARSN 108 328 669).

APPT Constitution means the constitution dated 8 March 2004 establishing APPT, as amended from time to time.

APPT Deed Poll means the deed poll executed by APPT RE in favour of AGL Shareholders, APT Unitholders and APPML Shareholders participating in the Merger Schemes, dated 23 October 2015 with such amendments as agreed by AGL, APT RE, APPML and APPT RE and, if necessary, approved by the Court.

APPT RE means AFML in its capacity as responsible entity of APPT.

APPT Register means the share register of APPT maintained by or on behalf of APPT RE in accordance with sections 168 and 169 of the Corporations Act.

APPT Supplemental Deed means the deed poll amending the constitution of APPT to implement and effect the APPT Trust Scheme.

APPT Trust Scheme means the arrangement in connection with the Proposal under which APPT Unitholders are compelled to subscribe for AGL Shares and APT Units, facilitated by amendments to the APPT Constitution as set out in the APPT Supplemental Deed.

APPT Unit means a fully paid ordinary unit in APPT.

APPT Unitholder means a person who is registered as the holder of APPT Units.

APT means Aspen Property Trust (ARSN 104 807 767).

APT Constitution means the constitution dated 10 May 2003 establishing APT, as amended from time to time.

APT Deed Poll means the deed poll executed by APT RE in favour of AGL Shareholders, APPML Shareholders, and APPT Unitholders participating in the Merger Schemes with such amendments as agreed by AGL, APT RE, APPML and APPT RE and, if necessary, approved by the Court.

APT RE means AFML in its capacity as responsible entity of APT.

APT Supplemental Deed means the deed poll amending the constitution of APT to facilitate and effect the APT Trust Scheme.

APT Trust Scheme means the arrangement in connection with the Proposal under which APT Unitholders are compelled to subscribe for APPT Units and APPML Shares, facilitated by amendments to the APT Constitution as set out in the APT Supplemental Deed.

APT Unit means a fully paid ordinary unit in APT.

APT Unitholder means a person who is registered as the holder of APT Units.

ASIC means the Australian Securities and Investments Commission.

Aspen Group means AGL and APT.

Aspen Group Security means a stapled security comprising one AGL Share and one APT Unit.

Aspen Group Securityholder means the holder of an Aspen Group Security.

Aspen Parks means APPML and APPT.

Aspen Parks Foreign Securityholder means an APPML Shareholder:

(a) who is (or is acting on behalf of) a citizen or resident of a jurisdiction other than residents of Australia and its external territories or New Zealand; and

(b) whose address shown on the APPML Register is a place outside Australia and its external territories or New Zealand or who is acting on behalf of such a person.

Aspen Parks Security means a stapled security comprising one APPML Share and one APPT Unit.

Aspen Parks Securityholder means the holder of an Aspen Parks Security.

Aspen Registry means Link Market Services Limited (ABN 54 083 214 537).

Aspen Select RE means AFML in its capacity as trustee of the Aspen Select Property Fund.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

Business Day has the meaning given in the Listing Rules.

Buy-Back means the buy-back set out in step 23 of schedule 1 to the Implementation Deed.

Cash Option Buy-Back Securities means, in respect of a Cash Option Participant, the number of Merged Group Stapled Securities held by that Cash Option Participant which are bought back under the Buy-Back.

Cash Option Election Form means the document titled "Scheme Consideration" Election Form for Aspen Parks Property Fund" sent to eligible Aspen Parks Securityholders together with the Explanatory Memorandum under which eligible Aspen Parks Securityholders elect to participate in the Buy-Back and the Sale Facility.

Cash Option Sale Facility Securities means, in respect of a Cash Option Participant who has elected, or deemed to have elected, to participate in the Sale Facility, the number, if any, of Cash Option Securities less the number of Cash Option Buy-Back Securities of that Cash Option Participant.

Cash Option Securities means, in respect of a Cash Option Participant, the number of Merged Group Stapled Securities that Cash Option Participant has elected to participate in the Buy-Back.

Cash Option Participant means APPML Shareholder as at the Record Date (other than an Ineligible Aspen Parks Foreign Securityholder) who has submitted a valid Cash Option Election Form.

CHESS means Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Ltd (ABN 49 008 504 532).

Corporations Act means the Corporations Act 2001 (Cth).

Court means the Supreme Court of New South Wales.

Court Order means the court order pursuant to which the Court approves this Scheme or the AGL Scheme (as applicable) under section 411(4)(b) of the Corporations Act.

Distribution Securityholders means those Relevant AGL Shareholders to whom Aspen Parks Securities are transferred under the In-Specie Distributions.

Effective means:

(a) (when used in relation to this Scheme and the AGL Scheme) the coming into effect, pursuant to section 411(10) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act), of the relevant Court Order, but in any event at no time before an office copy of the relevant order of the Court is lodged with ASIC; and

(b) (when used in relation to the APT Trust Scheme and the APPT Trust Scheme) the APT Supplemental Deed or the APPT Supplemental Deed (as applicable) taking effect pursuant to section 601GC(2) of the Corporations Act.

Effective Date means the date on which each of this Scheme, the APPML Scheme, the APT Trust Scheme and APPT Trust Scheme become Effective.

Explanatory Memorandum means the explanatory memorandum prepared by the parties to the Implementation Deed in connection with the Proposal, lodged with ASIC on or about 23 October 2015.

Implementation Date means the date that is 8 Business Days after the Effective Date, or such other date as agreed by the parties to the Implementation Deed.

Implementation Deed means the deed titled the "Merger Implementation Deed" between AGL, APT RE, APPML and APPT RE dated 14 September 2015 (as amended) in relation to the implementation of the Proposal.

In-Specie Distributions means each of the transfers of Aspen Parks Securities to Relevant AGL Shareholders under clauses 5.4 of the AGL Scheme.

Ineligible Aspen Group Foreign Securityholder has the meaning given in the AGL Scheme.

Ineligible Aspen Group Security means an Aspen Group Security held by an Ineligible Aspen Group Foreign Securityholder on the Record Date.

Ineligible Aspen Parks Foreign Securityholder has the meaning given in clause 7.2 of this Scheme.

Ineligible Aspen Parks Security means an Aspen Parks Security held by an Ineligible Aspen Parks Foreign Securityholder on the Record Date.

Listing Rules means the listing rules of ASX.

Merged Group Stapled Security means an AGL Share, an APT Unit, an APPML Share and an APPT Unit which on implementation of the Merger Schemes are stapled together and registered in the name of a person.

Merger Deeds Poll means:

(a) the AGL Deed Poll;

(b) the APT RE Deed Poll;

(c) the APPML Deed Poll; and

(d) the APPT RE Deed Poll.

Merger Schemes means this Scheme, the AGL Scheme, the APT Trust Scheme and the APPT Trust Scheme.

New APPT Units means APPT Units to be issued under the Merger Schemes.

New APT Units means APT Units to be issued under the Merger Schemes.

New AGL Shares means fully paid ordinary shares in the capital of AGL to be issued under the Merger Schemes.

New APPML Shares means fully paid ordinary shares in the capital of APPML to be issued under the Merger Schemes.

Proposal means the proposal to restructure Aspen Group and Aspen Parks, pursuant to which Aspen Group Securities will be stapled to Aspen Parks Securities to create a four-way stapled group listed on ASX, which includes the implementation steps set out in this Scheme.

Record Date means 7.00pm (Sydney time) on the date that is three (3) Business Days after the Effective Date, or such other date as agreed by the parties to the Implementation Deed.

Regulatory Authority includes:

(a) ASX or ASIC;

(b) a government or governmental, semi-governmental or judicial entity or authority;

(c) a minister, department, office, commission, delegate, instrumentality, agency board, authority or organisation of any government; and

(d) any regulatory organisation established under statute.

Relevant AGL Shareholder means:

(a) the Sale Nominee (in respect of all Ineligible Aspen Group Securities); and

(b) each AGL Shareholder on the Record Date other than each Ineligible Aspen Group Foreign Securityholder.

Relevant APT Unitholder means:

(a) the Sale Nominee (in respect of all Ineligible Aspen Parks Securities);

(b) each APT Unitholder on the Record Date other than each Ineligible Aspen Group Foreign Securityholder.

Relevant APPML Shareholder means:

(a) the Sale Nominee (in respect of all Ineligible Aspen Parks Securities);

(b) each APPML Shareholder on the Record Date other than:

(i) each Ineligible Aspen Parks Foreign Securityholder; and

(ii) each of AGL, AFML (in its personal capacity) and Aspen Select RE; and

(c) each of the Distribution Securityholders.

Sale Facility means the facility to be established and implemented by APPML in agreement with AGL, APT RE, and APPT RE, under which Ineligible Aspen Parks Securities and Cash Option Sale Facility Securities are transferred to the Sale Nominee together with other Merged Group Stapled Securities to be sold under the Sale Facility in accordance with AGL Scheme and APT Trust Scheme and Sale Securities are sold in accordance with clause 7 of this Scheme together with Cash Option Sale Facility Securities and other Merged Group Stapled Securities to be sold under the Sale Facility in accordance with the AGL Scheme and APT Trust Scheme.

Sale Facility Account means the account established by the Sale Nominee in its own name, to which the Sale Nominee must deposit all funds received in respect of the Sale Securities.

Sale Facility Consideration means:

(a) in respect of each Ineligible Aspen Parks Foreign Securityholder, an amount equal to the average price at which Merged Group Stapled Securities are sold by the Sale Nominee under the Sale Facility, multiplied by the number of Merged Group Stapled Securities that Ineligible APPML Foreign Securityholders would otherwise have been entitled to had they participated in the Proposal (subject to rounding to the nearest whole cent or, if the amount calculated is exactly half a cent, subject to rounding down to the nearest whole cent); and

(b) in respect of each Cash Option Participant, an amount equal to the average price at which Merged Group Stapled Securities are sold by the Sale Nominee under the Sale Facility, multiplied by the number of Cash Option Sale Facility Securities of that Cash Option Participant (subject to rounding to the nearest whole cent or, if the amount calculated is exactly half a cent, subject to rounding down to the nearest whole cent).

Sale Nominee means UBS Securities Australia Limited (ACN 008 586 481), being the person appointed by APPML in agreement with AGL, APT RE and APPT RE, to act as the sale nominee for the purposes of the Sale Facility.

Sale Period means the 10 Business Day period commencing on the Business Day after the Implementation Date.

Sale Security means a Merged Group Stapled Security held by the Sale Nominee following participation by the Sale Nominee in the implementation of the Proposal in respect of the Ineligible Aspen Parks Securities that is, or is to be, sold under the Sale Facility.

Scheme means this scheme of arrangement.

Scheme Meeting means the meeting of the APPML Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act to consider and, if thought fit, approve this Scheme.

Second Court Date means the date on which the Court makes an order pursuant to Section 411(4)(b) of the Corporations Act approving this Scheme.

Second APPT Judicial Advice means confirmation from the Court under section 63 of the Trustee Act that, APPT Unitholders having approved the APPT Trust Scheme by the requisite majorities, APPT RE would be justified in implementing the APPT Trust Scheme by giving effect to the provisions of the APPT Constitution (as amended by the APPT Supplemental Deed) and in doing all things and taking all necessary steps to put the APPT Trust Scheme into effect.

Second APT Judicial Advice means confirmation from the Court under section 63 of the Trustee Act that, APT Unitholders having approved the APT Trust Scheme by the requisite majorities, APT RE would be justified in implementing the APT Trust Scheme by giving effect to the provisions of the APT Constitution (as amended by the APT Supplemental Deed) and in doing all things and taking all necessary steps to put the APT Trust Scheme into effect.

Termination Date means 29 February 2016 or such other date as agreed by the parties to the Implementation Deed.

Trustee Act means the Trustee Act 1925 (NSW).

1.2 Reference to certain general terms

Unless the contrary intention appears, a reference in this Scheme to:

(a) (**variations or replacements**) a document, agreement (including this agreement) or instrument is a reference to that document, agreement or instrument as amended, consolidated, supplemented, novated or replaced;

(b) (**clauses, annexures and schedules**) a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this Scheme;

(c) (**reference to statutes**) a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(d) (**law**) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(e) (**singular includes plural**) the singular includes the plural and vice versa;

(f) (**party**) a party means a party to this Scheme;

(g) (**person**) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any Regulatory Authority;

(h) (**executors, administrators, successors**) a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(i) (**dollars**) Australian dollars, dollars, A$ or $ is a reference to the lawful currency of Australia;

(j) (**calculation of time**) a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;

(k) (**reference to a day**) a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;

(l) (**meaning not limited**) the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

(m) (**holders**) a reference to a holder includes a joint holder; and

(n) (**time of day**) time is a reference to Sydney time.

1.3 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this Scheme.

2 Background to this Scheme

2.1 AGL, APT, APPML and APPT

(a) AGL is a public company limited by shares. It is incorporated in Australia and registered in Victoria. It has its registered office at Level 18, 9 Hunter Street, Sydney NSW 2000.

(b) AGL is admitted to the official list of the ASX and AGL Shares are officially quoted on the financial market conducted by ASX (as one of the stapled securities comprising Aspen Group Securities).

(c) APT is a registered managed investment scheme. APT RE is the responsible entity of APT.

(d) As at 23 October 2015, there are 113,206,967 Aspen Group Securities on issue (each comprising one AGL Share stapled to one APT Units).

(e) APPML is an unlisted public company limited by shares. It is incorporated in Australia and registered in Western Australia. It has its registered office at Level 18, 9 Hunter Street, Sydney NSW 2000.

(f) APPT is a registered managed investment scheme. APPT RE is the responsible entity of APPT.

(g) As at 23 October 2015, there are 232,636,714 Aspen Park Securities on issue (each comprising one APPML Share stapled to one APPT Unit).

2.2 Implementation Deed

AGL, APT RE, APPML and APPT RE have entered into the Implementation Deed to facilitate the implementation of this Scheme, the APPML Scheme, the APT Trust Scheme and the APPT Trust Scheme.

2.3 Merger Deeds Poll

This Scheme attributes actions to APT RE, APPML and APPT RE but does not itself impose any obligations on them to perform those activities. Each of APT RE, APPML and APPT RE has agreed, by executing the relevant Merger Deed Poll, to perform the actions attributed to them under this Scheme.

3 Conditions precedent

3.1 Conditions precedent

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

(a) as at 8.00am on the Second Court Date, the Implementation Deed and the Merger Deeds Poll not having been terminated in accordance with their respective terms;

(b) all of the conditions precedent set out in Schedule 2 ("Conditions Precedent") of the Implementation Deed (other than the conditions precedent set out in:

(i) Item 9 ("Court approval of AGL Share Scheme");

(ii) Item 10 ("Court approval of APPML Share Scheme");

(iii) Item 11 ("Court provides Second APT Judicial Advice"); and

(iv) Item 12 ("Court provides Second APPT Judicial Advice"),

of Schedule 2 ("Conditions Precedent") of the Implementation Deed) having been satisfied or waived in accordance with the terms of the Implementation Deed;

(c) the Court having approved this Scheme, with or without modification, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, APPML and the other parties to the Implementation Deed having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;

(d) the Court having approved the AGL Scheme, with or without modification, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, AGL and the other parties to the Implementation Deed having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;

(e) the granting of the Second APT Judicial Advice in relation to the APT Trust Scheme;

(f) the granting of the Second APPT Judicial Advice in relation to the APPT Trust Scheme;

(g) both:

(i) the coming into effect, pursuant to section 411(10) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act), of the Court Order in relation to this Scheme; and

(ii) the APPT Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act; and

(h) both:

(i) the coming into effect, pursuant to section 411(10) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act), of the Court Order in relation to the AGL Scheme; and

(ii) the APT Supplemental Deed taking effect pursuant to section 601GC(2) of the Corporations Act.

3.2 Satisfaction of conditions precedent

The satisfaction or waiver of each condition precedent in clause 3.1 is a condition precedent to the binding effect of this Scheme.

3.3 Certificate in relation to conditions precedent

(a) APPML will provide to the Court at the Court hearing on the Second Court Date a certificate or such other evidence as the Court requests confirming (in respect of matters within each party's respective knowledge) whether or not all of the conditions precedent set out in clauses 3.1(a) and 3.1(b) have been satisfied or waived as at 8.00am on the Second Court Date.

(b) The certificate referred to in clause 3.3(a) will constitute conclusive evidence of whether the conditions precedent referred to in clauses 3.1(a) and 3.1(b) have been satisfied or waived.

4 Scheme

4.1 Effective Date

Subject to clause 4.2, this Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 Termination Date

This Scheme will lapse and be of no further effect if the Effective Date has not occurred on or before the Termination Date.

5 Implementation of Scheme

5.1 Lodgement of Court Orders, APT Supplemental Deed and APPT Supplemental Deed with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme are satisfied (other than the conditions precedent in clauses 3.1(g) and 3.1(h)), as soon as practicable after the Court makes the Court Orders approving this Scheme and the AGL Scheme:

(a) APPML must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court Order approving this Scheme;

(b) AGL must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court Order approving the AGL Scheme;

(c) APT RE must lodge with ASIC a copy of the APT Supplemental Deed pursuant to section 601GC(2) of the Corporations Act;

(d) if requested by ASIC, APT RE must lodge with ASIC a consolidated copy of the APT Trust Constitution (as amended pursuant to the APT Supplemental Deed) in accordance with section 601GC(3) of the Corporations Act;

(e) APPT RE must lodge with ASIC a copy of the APPT Supplemental Deed pursuant to section 601GC(2) of the Corporations Act; and

(f) if requested by ASIC, APPT RE must lodge with ASIC a consolidated copy of the APPT Trust Constitution (as amended pursuant to the APPT Supplemental Deed) in accordance with section 601GC(3) of the Corporations Act.

5.2 Scheme Effective on Effective Date

Subject to clause 4.2, the Scheme becomes Effective on the Effective Date.

5.3 Distribution

On or as soon as reasonably practicable after the Record Date, APPML must procure that the distribution set out in Step 12(a) of Schedule 1 to the Implementation Deed is paid to Aspen Parks Securityholders as at the Record Date.

5.4 Application for New AGL Shares and New APT Units

(a) On or before the Implementation Date, each Relevant APPML Shareholder authorises and directs APPML to, and APPML must, apply on behalf of each Relevant APPML Shareholder:

(i) to AGL to issue that number of New AGL Shares that it is entitled to apply for under clause 5.5 at an issue price of $0.0902308102 per New AGL Share; and

(ii) to APT RE to issue that number of New APT Units that it is entitled to apply for under clause 5.5 at an issue price of $0.2931585835 per APT Unit,

using the proceeds of the capital return payable to the Relevant APPML Shareholder under clause 5.6.

(b) In respect of the above applications in clause 5.4(a), APPML may execute any required application or subscription forms as agent and attorney for the Relevant APPML Shareholders to become a member of AGL and APT.

5.5 Calculation of entitlement

When taken together with the applications on behalf of the Relevant APPML Shareholder under the APPT Trust Scheme, each Relevant APPML Shareholder on the Record Date will be entitled to apply for:

(a) 0.5788815894 New AGL Shares in respect of each APPML Share and APT Unit held with any fractional entitlement rounded up or down to the nearest whole number of New AGL Shares; and

(b) 0.5788815894 New APT Units in respect of each APPML Share and APT Unit held with any fractional entitlement rounded up or down to the nearest whole number of New APT Units.

5.6 Capital return

On the Implementation Date, APPML must make a capital return to Relevant APPML Shareholders of $0.0560410845 per APPML Share on issue on the Record Date to be applied by APPML on behalf of Relevant APPML Shareholders in applying for New AGL Shares and New APT Units in accordance with clauses 5.8 and 5.9.

5.7 APPML undertaking

APPML must, as soon as practicable but in any event no later than the Implementation Date, make the application for New AGL Shares and New APT Units on behalf of Relevant APPML Shareholders in accordance with the provisions of clauses 5.4(a)(i) and 5.4(a)(ii) respectively by applying the proceeds of the capital return as set out in clause 5.4(a).

5.8 Issue of New AGL Shares

On the Implementation Date and upon the receipt of an application from APPML (on behalf of Relevant APPML Shareholders) to AGL for the allotment and issue of New AGL Shares in accordance with clause 5.4(a)(i), together with payment of the total issue price, APPML must procure that AGL:

(a) allots and issues each Relevant APPML Shareholder the number of New AGL Shares requested in APPML's application under clause 5.4(a)(i); and

(b) enters each Relevant APPML Shareholder onto the AGL Register as the holder of the New AGL Shares issued to it.

5.9 Issue of New APT Units

On the Implementation Date and upon the receipt of an application from APPML (on behalf of Relevant APPML Shareholders) to APT RE for the allotment and issue of New APPT Units in accordance with clause 5.4(a)(ii) together with payment of the total issue price, APPML must procure that APT RE:

(a) allots and issues each Relevant APPML Shareholder the number of New APT Units requested in APPML's application under clause 5.4(a)(ii); and

(b) enters each Relevant APPML Shareholder onto the APT Register as the holder of the APT Units issued to it.

5.10 Issue of New APPML Shares to holders of AGL Shares and APT Units

On the Implementation Date, APPML must:

(a) on receipt of an application for New APPML Shares made by AGL (on behalf of Relevant AGL Shareholders) in accordance with the AGL Scheme together with the payment for the total issue price:

  (i) issue to each Relevant AGL Shareholder New APPML Shares, at an issue price of $0.0666655352 per New APPML Share, in accordance with that application; and

  (ii) enter in the APPML Register the name and address of each Relevant AGL Shareholder as the holder of the APPML Shares issued to it; and

(b) on receipt of an application for New APPML Shares made by APT RE (on behalf of APT Unitholders) in accordance with the APT Trust Scheme together with the payment for the total issue price:

  (i) issue to each Relevant APT Unitholder New APPML Share, at an issue price of $0.0666655352 per New APPML Share, in accordance with that application; and

  (ii) enter in the APPML Register the name and address of each Relevant APT Unitholder as the holder of the APPML Shares issued to it.

5.11 Treatment of excess funds

(a) APPML acknowledges for itself and on behalf of each Relevant APPML Shareholder that to the extent the application monies provided to AGL or APT RE in respect of the applications under clauses 5.4(a)(i) and 5.4(a)(ii) exceed the aggregate of the application price per security for each of the securities issued in accordance with clauses 5.8 and 5.9, that excess amount will be treated as an asset of APPML or APPT, as applicable.

(b) To the extent the application monies provided to AGL by APPML or APPT RE in respect of the applications referred to in clause 5.10 exceed the aggregate of the application price per AGL Share for each of the AGL Shares issued in accordance with clause 5.10, that excess amount will be treated as an asset of AGL.

5.12 Consolidation and rounding

Following the implementation of the steps described in the preceding clauses, APPML must convert each APPML Share (including the New APPML Shares issued under clause 5.10) into that number of APPML Shares as is calculated by applying a conversion ratio of 0.386, provided that the consolidation will be rounded to ensure that following the consolidation:

(a) each Relevant APPML Shareholder other than Distribution Securityholders holds that number of APPML Shares equal to 0.386 multiplied by the number of APPML Shares held immediately following the transfer of Ineligible Aspen Parks Securities to the Sale Nominee under this Scheme, rounded up to the nearest whole number; and

(b) each Distribution Securityholder holds the same number of APPML Shares as they held AGL Shares immediately prior to the In-Specie Distributions.

5.13 Agreement to be bound and acknowledgement of stapling

As a result of this Scheme taking effect in accordance with clause 4.1, each Relevant APPML Shareholder agrees that:

(a) on and from the Implementation Date, it will be:

  (i) a holder of New AGL Shares and bound by the provisions of the AGL Constitution; and

  (ii) a holder of New APT Units and be bound by the provisions of the APT Constitution; and

(b) from after the implantation of the Merger Schemes on the Implementation Date, APPML Shares may only be transferred if there is a simultaneous transfer of the same number of AGL Shares, APT Units and APPT Units.

6 Buy-Back

On the Implementation Date, following completion of the transactions set out in clause 5, APPML must, and must procure that each of AGL, APT RE and APPT RE, undertake the Buy-Back.

7 Sale Facility

7.1 Appointment

APPML must, prior to the Implementation Date, appoint the Sale Nominee and must procure the Sale Nominee does all things necessary to give effect to the Sale Facility.

7.2 Determination of Ineligible Aspen Parks Foreign Securityholders

After the Record Date, and prior to the Implementation Date, APPML must in agreement with APPT RE, determine whether an Aspen Parks Foreign Securityholder, or a class of Aspen Parks Foreign Securityholders, is eligible to have issued and transferred to it or them, New APPML Shares and New APPT Units, such determination to be made having regard to whether such issue or transfer would be lawful and not unduly onerous or unduly impracticable (each Aspen Parks Foreign Securityholder who is not deemed to be so eligible being an "Ineligible Aspen Parks Foreign Securityholder").

7.3 Transfer of Ineligible Aspen Parks Securities

After the Record Date and prior to the Implementation Date, APPML (as attorney for each Ineligible Aspen Parks Foreign Securityholder) must transfer all Ineligible Aspen Parks Securities from the Ineligible Aspen Parks Foreign Securityholders to the Sale Nominee. Each Ineligible Aspen Parks Foreign Securityholder irrevocably appoints APPML as its agent and attorney to transfer the Ineligible Aspen Parks Securities of that Ineligible Aspen Parks Foreign Securityholder to the Sale Nominee.

7.4 Transfer of Cash Option Sale Facility Securities

After the completion of the Buy-Back, APPML (as attorney for each Cash Option Participant), must transfer all Cash Option Sale Facility Securities from the Cash Option Participant to the Sale Nominee. Each Cash Option Participant irrevocably appoints APPML as its attorney and agent to transfer the Cash Option Sale Facility Securities of that Cash Option Participant to the Sale Nominee.

7.5 Sale of Sale Securities by Sale Nominee

APPML must procure that the Sale Nominee:

(a) as soon as is reasonably practicable after the Implementation Date, sells (or procures the sale of) the Sale Securities in such manner, at such prices and at such times as it sees fit, with the objectives of:

  (i) achieving the best price for the Sale Securities that is reasonably obtainable at the time of the relevant sale;

  (ii) ensuring all sales of the Sale Securities are effected in the ordinary course of trading on ASX during the Sale Period or under a bookbuild conducted by the Sale Nominee to facilitate the sales of the Sales Securities;

(b) on each date on which a sale of Sale Securities is settled, deposits (or procures the deposit of) all funds received into the Sale Facility Account;

(c) once all the Sale Securities are sold, advises the Aspen Registry of the completion of the sale of the Sale Securities, the total gross sale proceeds and the average price of each Sale Security; and

(d) once settlement of the sale of all the Sale Securities has occurred, and in no case later than 5 Business Days thereafter, transfers (or procures the transfer of) the funds in the Sale Facility Account to the Aspen Registry.

7.6 Update by the Aspen Registry

APPML must procure that the Aspen Registry:

(a) following receipt of information from the Sale Nominee in accordance with clause 7.5(c), calculates the Sale Facility Consideration for each Ineligible Aspen Parks Foreign Securityholder and Cash Option Participant; and

(b) no later than 5 Business Days after the Sale Nominee has transferred the funds in the Sale Facility Account in accordance with clause 7.5(d), arranges in respect of each Ineligible Aspen Parks Foreign Securityholder and Cash Option Participant for payment of the Sale Facility Consideration by either:

  (i) dispatching by mail to the registered address of that Ineligible Aspen Parks Foreign Securityholders or Cash Option Participant a cheque or bank draft of the Sale Facility Consideration for that Ineligible Aspen Parks Foreign Securityholder or Cash Option Participant payable in Australian dollars (provided that, in the case of Ineligible Aspen Parks Foreign Securityholders or Cash Option Participants who are joint holders of Aspen Parks Securities, the cheque will be made payable to the joint holders and sent to the holder whose name appears first in the Aspen Parks Register as at the Record Date); or

  (ii) making an electronic funds transfer in Australian dollars to an account nominated by that Ineligible Aspen Parks Foreign Securityholders or Cash Option Participant for the purposes of the Sale Facility or the payment of distributions by Aspen Parks.

7.7 Warranty

Each Ineligible Aspen Parks Foreign Securityholder and each Cash Option Participant is deemed to have represented and warranted to APPML and the Sale Nominee that all its Ineligible APPML Shares or Merged Group Stapled Securities (as appropriate) (including any rights and entitlements attaching to those securities) which are transferred to the Sale Nominee under clause 7.3 or 7.4 will, at the time they are transferred to the Sale Nominee, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind (other than that they must be transferred together with securities that are stapled to them), whether legal or otherwise and restrictions on transfer of any kind not referred to in this Scheme, and that it has full power and capacity to sell or otherwise transfer its Ineligible Aspen Parks Securities or Merged Group Stapled Securities (as applicable) (including any rights and entitlements attaching to those securities) in accordance with the Proposal.

7.8 Appointment as agent – financial services guide and notices

Each Ineligible Aspen Parks Foreign Securityholder and each Cash Option Participant appoints APPML as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Nominee is required to provide to Ineligible Aspen Parks Foreign Securityholders or Cash Option Participants under the Corporations Act.

8 Entitlement to participate and dealings in APPML Shares

8.1 Entitlement to participate

Each Relevant APPML Shareholder will be entitled to participate in this Scheme.

8.2 Last day for dealings

For the purpose of establishing who is a APPML Shareholder on the Record Date dealings in APPML Shares on or before the close of business on the Effective Date will be recognised provided that registrable transfers in respect of those dealings are received on or before 5.00pm (Sydney time) on the day of the Record Date, at the place where the APPML Register is kept.

8.3 Obligation to register

APPML must register, or procure the registration of, transmission applications or transfers of the kind referred to in section 8.2 by the Record Date.

8.4 Transfer requests received after Record Date

APPML must not, until the day after the Implementation Date, accept for registration or recognise for any purpose any transfer in respect of APPML Shares received after 5.00pm (Sydney time) on the day of the Record Date nor any transfer or transmission in respect of dealings in APPML Shares that have occurred after the close of business on the Effective Date.

8.5 Maintaining the APPML Register

For the purpose of determining entitlements under the Schemes, APPML must, until stapling has occurred under paragraph 5.13, maintain the APPML Register in accordance with the provisions of section 8.4 and entitlements to be issued AGL Shares and APT Units will be determined solely on the basis of the APPML Register (with any fractional entitlement disregarded).

9 General Scheme provisions

9.1 Power of attorney

Each APPML Shareholder, without the need for any further act by any APPML Shareholder, irrevocably appoints APPML and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of giving effect to this Scheme and APPML accepts such appointment.

9.2 Variations, alterations and conditions

If the Court proposes to approve this Scheme subject to any alterations or conditions, APPML may, by its counsel or solicitor, consent on behalf of all persons concerned to those alterations or conditions provided that in no circumstances will APPML be obliged to do so.

9.3 Further action by APPML

APPML must execute all documents and do all things (on its own behalf and on behalf of each APPML Shareholder) necessary or expedient to implement, and perform its obligations under, this Scheme.

9.4 Authority and acknowledgement

Each of the APPML Shareholder:

(a) irrevocably consents to APPML doing all things necessary or expedient for or incidental to the implementation of this Scheme; and

(b) acknowledges that this Scheme binds APPML and each APPML Shareholder (including those who do not attend the Scheme Meeting or do not vote at that meeting or vote against this Scheme at that Scheme Meeting).

9.5 No liability when acting in good faith

Neither AGL nor any of its officers will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

9.6 Admission and quotation

APPML (together with the AAPT RE) will apply for admission of APPML and AAPT to the official list of the ASX.

APPML (together with APPT RE, AGL and APT RE) will apply for official quotation of all New APPML Shares, New APT Units, New AGL Shares and New APPT Units.

9.7 Enforcement of Merger Deeds Poll

APPML undertakes in favour of each APPML Shareholder to enforce the Merger Deeds Poll entered into by AGL, APT RE and APPT RE on behalf of and as agent and attorney for the APPML Shareholders.

9.8 Costs and stamp duty

APPML and APPT RE must pay all stamp duty (including any fines, penalties and interest) and costs payable in connection with this Scheme.

9.9 Scheme overrides APPML Constitution

To the extent of any inconsistency and to the extent permitted by law, this Scheme overrides the APPML Constitution and binds AMPML and APPML Shareholders.

9.10 Notices

(a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Aspen Group, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Aspen Parks' registered office or at the office of the Aspen Registry.

(b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any APPML Shareholder shall not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.11 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Regulatory Authority), all instructions, notifications or elections by a Relevant APPML Shareholder to APPML or APPT RE binding or deemed binding between the Relevant APPML Shareholder and APPML or APPT RE relating to APPML, APPT RE or Aspen Parks Securities, including instructions, notifications or elections relating to:

(a) whether distributions are to be paid by cheque or into a specific bank account;

(b) payments of distributions on Aspen Parks Securities;

(c) notices or other communications from APPML or APPT RE (including by email),

will be deemed from the Implementation Date (except to the extent determined otherwise by AGL, APT RE, APPML and APPT RE in their sole discretion), by reason of this Scheme, to be made by the Relevant APPML Shareholder to AGL, APT RE, APPML and APPT RE and to be a binding instruction, notification or election to, and accepted by, AGL, APT RE, APPML and APPT RE in respect of the Merged Group Stapled Securities provided to that Relevant APPML Shareholder until that instruction, notification or election is revoked or amended in writing addressed to AGL, APT RE, APPML or APPT RE at its registry, and each Relevant APPML Shareholder will be deemed to have authorised the transfer of the instruction, notification or election from APPML or APPT RE to AGL and APT RE.

10 Governing law

10.1 Governing law

This Scheme is governed by the law in force in New South Wales.

10.2 Jurisdiction

Each party irrevocably and unconditionally:

(a) submits to the non-exclusive jurisdiction of the courts of that place.

(b) waives, without limitation, any claim or objection based on absence of jurisdiction or inconvenient forum.

Annexure F(1)
Deed Poll

Aspen Group Limited

Dated

Given by Aspen Group Limited (ABN 50 004 160 927) (**AGL**)

Details

Parties	**Aspen Group Limited**	
AGL	Name	**Aspen Group Limited**
	ABN	91 096 790 331
	Address	Level 18 9 Hunter Street Sydney NSW 2000
In favour of	Each Eligible Securityholder	
Recitals	A Each of AGL, APT RE, APPML and APPT RE has entered into the Implementation Deed in relation to the implementation of the Proposal. B Under the Implementation Deed, each party to that deed agreed to take certain steps to implement the Proposal. C By this deed poll, AGL covenants in favour of Eligible Securityholders to perform the obligations contemplated of it under the Schemes.	

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General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the context otherwise requires):

AFML means Aspen Funds Management Limited (ABN 48 104 322 278).

AGL means Aspen Group Limited (ABN 50 004 160 927).

AGL Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between AGL and each AGL Shareholder attached as Annexure E(1) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

AGL Share means a fully paid ordinary share in AGL.

AGL Shareholder means each registered holder of an AGL Share as at the Record Date.

APPML means Aspen Parks Property Management Limited (ABN 91 096 790 331).

APPML Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between APPML and each APPML Shareholder attached as Annexure E(2) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

APPML Share means a fully paid ordinary share in APPML.

APPML Shareholder means each registered holder of an APPML Share as at the Record Date.

APPT means Aspen Parks Property Trust (ARSN 108 328 669).

APPT RE means AFML in its capacity as responsible entity of APPT.

APPT Supplemental Deed means the deed poll amending the constitution of APPT to facilitate and effect the APPT Trust Scheme.

APPT Trust Scheme means the arrangement in connection with the Proposal under which APPT Unitholders are compelled to subscribe for APT Units and AGL Shares, facilitated by amendments to the APPT Constitution as set out in the APPT Supplemental Deed.

APPT Unit means a fully paid ordinary unit in APPT.

APPT Unitholder means each registered holder of an APPT Unit as at the Record Date.

APT means Aspen Property Trust (ARSN 104 807 767).

APT RE means AFML in its capacity as responsible entity of APT.

APT Supplemental Deed means the deed poll amending the constitution of APT to facilitate and effect the APT Trust Scheme.

APT Trust Scheme means the arrangement in connection with the Proposal under which APT Unitholders are compelled to subscribe for APPT Units and APPML Shares, facilitated by amendments to the APT Constitution as set out in the APT Supplemental Deed.

APT Unit means a fully paid ordinary unit in APT.

APT Unitholder means each registered holder of an APT Unit as at the Record Date.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

Business Day has the meaning given in the listing rules of the ASX.

Court means the Supreme Court of New South Wales.

Corporations Act means the Corporations Act 2001 (Cth).

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the AGL Scheme or the APPML Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the AGL Scheme becomes Effective.

Eligible Securityholder means:

(a) APT Unitholders;

(b) APPML Shareholders; and

(c) APPT Unitholders.

Explanatory Memorandum means the explanatory memorandum prepared by the parties to the Implementation Deed in connection with the Proposal, lodged with ASIC on or about 23 October 2015.

Implementation Deed means the deed titled "Merger Implementation Deed" dated 14 September 2015 between APPT RE, AGL, APPML and APT RE relating to the implementation of the Proposal (as amended).

Proposal means the proposal to merge AGL, APT, APPML and APPT by Stapling in accordance with the Schemes.

Record Date means 7.00pm (Sydney time) on the date that is 3 Business Days after the Effective Date.

Relevant Manager means:

(a) in the use of APT Unitholders, APT RE;

(b) in the case of APPML Shareholders, APPML; and

(c) in the case of APPT Unitholders, APPT RE.

Schemes means the AGL Scheme, the APPML Scheme, the APT Trust Scheme and the APPT Trust Scheme.

Stapling means the linking together of an AGL Share, an APT Unit, and APPML Share and an APPT Unit so that one may not be transferred or otherwise dealt with without the other and which are quoted on ASX jointly as a "Stapled Security" or such other terms as the ASX permits.

Termination Date means 29 February 2016 or such other date as is agreed by Aspen Group and Aspen Parks.

1.2 Interpretation

In this deed poll headings are for convenience only and do not affect the interpretation and, unless the context requires otherwise:

(a) words importing the singular include the plural and vice versa;

(b) a reference to any document is to that document as varied, novated, ratified or replaced;

(c) the word "person" includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association; and

(d) a reference to a clause or party is a reference to a clause of, and a party to, this deed poll.

1.3 Nature of deed poll

AGL acknowledges that:

(a) this deed poll may be relied on and enforced by any Eligible Securityholder in accordance with its terms even though the Eligible Securityholders are not a party to it; and

(b) each Eligible Securityholder has appointed its Relevant Manager, without the need for any further act, as that Eligible Securityholder's agent and attorney for the purpose of enforcing this deed poll against AGL on behalf of that Eligible Securityholder.

2 Conditions precedent and termination

2.1 Conditions precedent

AGL's obligations under clause 3 are subject to the AGL Scheme and APPML Scheme becoming Effective and the APT Supplemental Deed and APPT Supplemental Deed being lodged with ASIC in accordance with section 601GC of the Corporations Act.

2.2 Termination

AGL's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

(a) the condition in clause 2.1 is not satisfied on or before the Termination Date; or

(b) the Implementation Deed is terminated in accordance with its terms.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to AGL and the Eligible Securityholders:

(a) AGL is released from its obligations to further perform this deed poll; and

(b) Eligible Securityholders each retain any rights they each have against AGL in respect of any obligation which accrued under, or by reason of any breach of any obligation imposed by, this deed poll which occurs before it is terminated.

3 Performance of obligations

Subject to clause 2, AGL undertakes in favour of each Eligible Securityholder to observe and perform all obligations imposed on it under, and in accordance with, the Schemes including the relevant obligations to issue AGL Shares to Eligible Securityholders in accordance with the terms of the Schemes.

4 Representations and warranties

AGL represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

(d) this deed poll is valid and binding upon it and enforceable against it in accordance with its terms.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) AGL has fully performed its obligations under this deed poll; or

(b) any earlier termination of this deed poll under clause 2.2.

6 General

6.1 Waiver

(a) AGL is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising upon default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

(b) AGL may not rely on any conduct of another person as a defence to exercise of a right, power, authority, discretion or remedy of that person.

(c) This clause may not itself be waived except in writing.

6.2 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless the variation is agreed to by each of AGL, APT RE, APPT RE and APPML in writing and the Court approves the variation in which event AGL will enter into a further deed poll in favour of the Eligible Securityholders giving effect to the amendment.

6.3 Remedies cumulative

The rights, powers and remedies of AGL and the Eligible Securityholders under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

6.4 Assignment

The rights and obligations of AGL and the Eligible Securityholders under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity.

6.5 Governing law and jurisdiction

This deed poll is governed by the law in force in New South Wales. AGL irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

6.6 Further action

AGL must execute all deeds and other documents and do all things (on its own behalf or on behalf of each Eligible Securityholder) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

EXECUTED as a deed poll

Signing page

Dated: ______________________________

EXECUTED by **ASPEN GROUP LIMITED**
in accordance with section 127(1) of the
Corporations Act 2001 (Cwlth) by authority of its directors:

____
Signature of director

____
Name of director (block letters)

____
Signature of director/company secretary

____
Name of director/company secretary (block letters)

Annexure F(2) Deed Poll

APT RE

Dated

Given by Aspen Funds Management Limited (ABN 48 104 322 278) as responsible entity of Aspen Property Trust (ARSN 104 807 767) (**APT RE**)

Details

Parties	**Aspen Funds Management Limited**	
APT RE	Name	**Aspen Funds Management Limited**
	ABN	48 104 322 278
	Address	Level 18 9 Hunter Street Sydney NSW 2000
In favour of	Each Eligible Securityholder	
Recitals	A Each of AGL, APT RE, APPML and APPT RE has entered into the Implementation Deed in relation to the implementation of the Proposal. B Under the Implementation Deed, each party to that deed agreed to take certain steps to implement the Proposal. C By this deed poll, APT RE covenants in favour of Eligible Securityholders to perform the obligations contemplated of it under the Schemes.	

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General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the context otherwise requires):

AFML means Aspen Funds Management Limited (ABN 48 104 322 278).

AGL means Aspen Group Limited (ABN 50 004 160 927).

AGL Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between AGL and each AGL Shareholder attached as Annexure E(1) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

AGL Share means a fully paid ordinary share in AGL.

AGL Shareholder means each registered holder of an AGL Share as at the Record Date.

APPML means Aspen Parks Property Management Limited (ABN 91 096 790 331).

APPML Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between APPML and each APPML Shareholder attached as Annexure E(2) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

APPML Share means a fully paid ordinary share in APPML.

APPML Shareholder means each registered holder of an APPML Share as at the Record Date.

APPT means Aspen Parks Property Trust (ARSN 108 328 669).

APPT RE means AFML in its capacity as responsible entity of APPT.

APPT Supplemental Deed means the deed poll amending the constitution of APPT to facilitate and effect the APPT Trust Scheme.

APPT Trust Scheme means the arrangement in connection with the Proposal under which APPT Unitholders are compelled to subscribe for APT Units and AGL Shares, facilitated by amendments to the APPT Constitution as set out in the APPT Supplemental Deed.

APPT Unit means a fully paid ordinary unit in APPT.

APPT Unitholder means each registered holder of an APPT Unit participating in the APPT Trust Scheme.

APT means Aspen Property Trust (ARSN 104 807 767).

APT Constitution means the constitution dated 10 May 2003 establishing APT (as amended).

APT Trust Scheme means the arrangement in connection with the Proposal under which APT Unitholders are compelled to subscribe for APPT Units and APPML Shares, facilitated by amendments to the APT Constitution as set out in the APT Supplemental Deed.

APT RE means AFML in its capacity as responsible entity of APT.

APT Unit means a fully paid ordinary unit in APT.

APT Unitholder means each registered holder of an APT Unit as at the Record Date.

APT Supplemental Deed means the deed poll amending the constitution of APT to facilitate and effect the APT Trust Scheme.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

Business Day has the meaning given in the listing rules of the ASX.

Court means the Supreme Court of New South Wales.

Corporations Act means the *Corporations Act 2001* (Cth).

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the AGL Scheme and the APPML Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the AGL Scheme and the APPML Scheme becomes Effective.

Eligible Securityholder means:

(a) APPT Unitholders;

(b) APPML Shareholders; and

(c) AGL Shareholders.

Explanatory Memorandum means the explanatory memorandum prepared by the parties to the Implementation Deed in connection with the Proposal, lodged with ASIC on or about 23 October 2015.

Implementation Deed means the deed titled "Merger Implementation Deed" dated 14 September 2015 between APPT RE, AGL, APPML and APT RE relating to the implementation of the Proposal (as amended).

Proposal means the proposal to merge AGL, APT, APPML and APPT by Stapling in accordance with the Schemes.

Record Date means 7.00pm (Sydney time) on the date that is 3 Business Days after the Effective Date.

Relevant Manager means:

(a) in the use of AGL Shareholders, AGL;

(b) in the case of APPML Shareholders, APPML; and

(c) in the case of APPT Unitholders, APPT RE.

Schemes means the AGL Scheme, the APPML Scheme, the APT Trust Scheme and the APPT Trust Scheme.

Stapling means the linking together of an AGL Share, an APT Unit, and APPML Share and an APPT Unit so that one may not be transferred or otherwise dealt with without the other and which are quoted on ASX jointly as a "Stapled Security" or such other terms as the ASX permits.

Termination Date means 29 February 2016 or such other date as is agreed by Aspen Group and Aspen Parks.

1.2 Interpretation

In this deed poll headings are for convenience only and do not affect the interpretation and, unless the context requires otherwise:

(a) words importing the singular include the plural and vice versa;

(b) a reference to any document is to that document as varied, novated, ratified or replaced;

(c) the word "person" includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association; and

(d) a reference to a clause or party is a reference to a clause of, and a party to, this deed poll.

1.3 Nature of deed poll

APT RE acknowledges that:

(a) this deed poll may be relied on and enforced by any Eligible Securityholder in accordance with its terms even though the Eligible Securityholders are not a party to it; and

(b) each Eligible Securityholder has appointed its Relevant Manager, without the need for any further act, as that Eligible Securityholder's agent and attorney for the purpose of enforcing this deed poll against APT RE on behalf of that Eligible Securityholder.

2 Conditions precedent and termination

2.1 Conditions precedent

APT RE's obligations under clause 3 are subject to the AGL Scheme and APPML Scheme becoming Effective and the APT Supplemental Deed and the APPT Supplemental Deed being lodged with ASIC in accordance with section 601GC of the Corporations Act.

2.2 Termination

APT RE's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

(a) the condition in clause 2.1 is not satisfied on or before the Termination Date; or

(b) the Implementation Deed is terminated in accordance with its terms.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to APT RE and the Eligible Securityholders:

(a) APT RE is released from its obligations to further perform this deed poll; and

(b) Eligible Securityholders each retain any rights they each have against APT RE in respect of any obligation which accrued under, or by reason of any breach of any obligation imposed by, this deed poll which occurs before it is terminated.

3 Performance of obligations

Subject to clause 2, APT RE undertakes in favour of each Eligible Securityholder to observe and perform all obligations imposed on it under, and in accordance with, the Schemes including the relevant obligations to issue APT Units to Eligible Securityholders in accordance with the terms of the Schemes.

4 Representations and warranties

APT RE represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

(d) this deed poll is valid and binding upon it and enforceable against it in accordance with its terms.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) APT RE has fully performed its obligations under this deed poll; or

(b) any earlier termination of this deed poll under clause 2.2.

6 Limitation of Liability

(a) AFML enters into this deed only in its capacity as responsible entity of APT and in no other capacity. A liability incurred by AFML arising under or in connection with this deed is limited to and can be enforced against AFML only to the extent to which it can be satisfied out of the assets of APT out of which AFML is actually indemnified for the liability. AFML will exercise its rights of indemnification in order to satisfy its obligations under this deed. This limitation of AFML's liability applies despite any other provision of this deed (other than clause 6(c)) and extends to all liabilities and obligations of AFML in any way connected with any representation, warranty, conduct, omission, deed or transaction related to this deed.

(b) No Eligible Sercurityholder may sue AFML in any capacity other than as responsible entity of APT, including seeking the appointment of a receiver, a liquidator, an administrator or any similar person to AFML or prove in any liquidation, administration or arrangement of or affecting AFML (except in relation to the assets of APT).

(c) The provisions of this clause 6 do not apply to any obligation or liability of AFML to the extent that it is not satisfied because under the APT Constitution or by operation of law AFML is not indemnified or there is an elimination of or a reduction in the extent of AFML's indemnification out of the assets of APT as a result of AFML's fraud, negligence, wilful misconduct or breach of trust.

(d) No act or omission of AFML (including any related failure to satisfy its obligations or breach of representation or warranty under this deed) will be considered fraud, negligence, wilful misconduct of AFML for the purpose of clause 6(c) to the extent to which the act or omission was caused or contributed to by any failure by another person (other than a person whose acts or omissions AFML is liable for, as agent, officer, employee, contractor or otherwise) to fulfil its obligations relating to APT or by any other act or omission of another person (other than a person whose acts or omissions AFML is liable for, as agent, officer, employee, contractor or otherwise) regardless of whether or not that act or omission is purported to be done on behalf of AFML.

(e) No receiver or receiver and manager appointed has authority to act on behalf of AFML in any way which exposes AFML to any personal liability and no act or omission of any such person will be considered fraud, negligence, wilful misconduct or a breach of a representation and warranty as to authority for the purpose of clause 6(c).

(f) AFML is not obliged to enter into any commitment or obligation under this deed unless AFML's liability is limited in accordance with this clause 6.

7 General

7.1 Waiver

(a) APT RE is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising upon default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

(b) APT RE may not rely on any conduct of another person as a defence to exercise of a right, power, authority, discretion or remedy of that person.

(c) This clause may not itself be waived except in writing.

7.2 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless the variation is agreed to by each of AGL, APT RE, APPT RE and APPML in writing and the Court approves the variation in which event APT RE will enter into a further deed poll in favour of the Eligible Securityholders giving effect to the amendment.

7.3 Remedies cumulative

The rights, powers and remedies of APT RE and the Eligible Securityholders under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

7.4 Assignment

The rights and obligations of APT RE and the Eligible Securityholders under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity.

7.5 Governing law and jurisdiction

This deed poll is governed by the law in force in New South Wales. APT RE irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

7.6 Further action

APT RE must execute all deeds and other documents and do all things (on its own behalf or on behalf of each Eligible Securityholder) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

EXECUTED as a deed poll

Signing page

Dated:

EXECUTED by **ASPEN FUNDS MANAGEMENT LIMITED IN ITS CAPACITY AS RESPONSIBLE ENTITY OF ASPEN PROPERTY TRUST** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

Signature of director

Name of director (block letters)

Signature of director/company secretary

Name of director/company secretary (block letters)

Annexure F(3)
Deed Poll

Aspen Parks Property Management Limited

Dated

Given by Aspen Parks Property Management Limited (ABN 91 096 790 331) (**APPML**)

Details

Parties	**Aspen Parks Property Management Limited**	
AGL	Name	**Aspen Parks Property Management Limited**
	ABN	91 096 790 331
	Address	Level 18 9 Hunter Street Sydney NSW 2000
In favour of	Each Eligible Securityholder	
Recitals	A Each of AGL, APT RE, APPML and APPT RE has entered into the Implementation Deed in relation to the implementation of the Proposal. B Under the Implementation Deed, each party to that deed agreed to take certain steps to implement the Proposal. C By this deed poll, APPML covenants in favour of Eligible Securityholders to perform the obligations contemplated of it under the Schemes.	

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General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the context otherwise requires):

AFML means Aspen Funds Management Limited (ABN 48 104 322 278).

AGL means Aspen Group Limited (ABN 50 004 160 927).

AGL Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between AGL and each AGL Shareholder attached as Annexure E(1) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

AGL Share means a fully paid ordinary share in AGL.

AGL Shareholder means each registered holder of an AGL Share as at the Record Date.

APPML means Aspen Parks Property Management Limited (ABN 91 096 790 331).

APPML Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between APPML and each APPML Shareholder attached as Annexure E(2) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

APPML Share means a fully paid ordinary share in APPML.

APPML Shareholder means each registered holder of an APPML Share as at the Record Date.

APPT means Aspen Parks Property Trust (ARSN 108 328 669).

APPT RE means AFML in its capacity as responsible entity of APPT.

APPT Supplemental Deed means the deed poll amending the constitution of APPT to facilitate and effect the APPT Trust Scheme.

APPT Trust Scheme means the arrangement in connection with the Proposal under which APPT Unitholders are compelled to subscribe for APT Units and AGL Shares, facilitated by amendments to the APPT Constitution as set out in the APPT Supplemental Deed.

APPT Unit means a fully paid ordinary unit in APPT.

APPT Unitholder means each registered holder of an APPT Unit as at the Record Date.

APT means Aspen Property Trust (ARSN 104 807 767).

APT RE means AFML in its capacity as responsible entity of APT.

APT Supplemental Deed means the deed poll amending the constitution of APT to facilitate and effect the APT Trust Scheme.

APT Trust Scheme means the arrangement in connection with the Proposal under which APT Unitholders are compelled to subscribe for APPT Units and APPML Shares, facilitated by amendments to the APT Constitution as set out in the APT Supplemental Deed.

APT Unit means a fully paid ordinary unit in APT.

APT Unitholder means each registered holder of an APT Unit as at the Record Date.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

Business Day has the meaning given in the listing rules of the ASX.

Court means the Supreme Court of New South Wales.

Corporations Act means the *Corporations Act 2001* (Cth).

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the AGL Scheme or the APPML Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the APPML Scheme becomes Effective.

Eligible Securityholder means:

(a) APT Unitholders;

(b) AGL Shareholders; and

(c) APPT Unitholders.

Explanatory Memorandum means the explanatory memorandum prepared by the parties to the Implementation Deed in connection with the Proposal, lodged with ASIC on or about 23 October 2015.

Implementation Deed means the deed titled "Merger Implementation Deed" dated 14 September 2015 between APPT RE, AGL, APPML and APT RE relating to the implementation of the Proposal (as amended).

Proposal means the proposal to merge AGL, APT, APPML and APPT by Stapling in accordance with the Schemes.

Record Date means 7.00pm (Sydney time) on the date that is 3 Business Days after the Effective Date.

Relevant Manager means:

(a) in the use of APT Unitholders, APT RE;

(b) in the case of AGL Shareholders, AGL; and

(c) in the case of APPT Unitholders, APPT RE.

Schemes means the AGL Scheme, the APPML Scheme, the APT Trust Scheme and the APPT Trust Scheme.

Stapling means the linking together of an AGL Share, an APT Unit, and APPML Share and an APPT Unit so that one may not be transferred or otherwise dealt with without the other and which are quoted on ASX jointly as a "Stapled Security" or such other terms as the ASX permits.

Termination Date means 29 February 2016 or such other date as is agreed by Aspen Group and Aspen Parks.

1.2 Interpretation

In this deed poll headings are for convenience only and do not affect the interpretation and, unless the context requires otherwise:

(a) words importing the singular include the plural and vice versa;

(b) a reference to any document is to that document as varied, novated, ratified or replaced;

(c) the word “person” includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association; and

(d) a reference to a clause or party is a reference to a clause of, and a party to, this deed poll.

1.3 Nature of deed poll

APPML acknowledges that:

(a) this deed poll may be relied on and enforced by any Eligible Securityholder in accordance with its terms even though the Eligible Securityholders are not a party to it; and

(b) each Eligible Securityholder has appointed its Relevant Manager, without the need for any further act, as that Eligible Securityholder’s agent and attorney for the purpose of enforcing this deed poll against APPML on behalf of that Eligible Securityholder.

2 Conditions precedent and termination

2.1 Conditions precedent

APPML’s obligations under clause 3 are subject to the AGL Scheme and APPML Scheme becoming Effective and the APT Supplemental Deed and APPT Supplemental Deed being lodged with ASIC in accordance with section 601GC of the Corporations Act.

2.2 Termination

APPML’s obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

(a) the condition in clause 2.1 is not satisfied on or before the Termination Date; or

(b) the Implementation Deed is terminated in accordance with its terms.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to APPML and the Eligible Securityholders:

(a) APPML is released from its obligations to further perform this deed poll; and

(b) Eligible Securityholders each retain any rights they each have against APPML in respect of any obligation which accrued under, or by reason of any breach of any obligation imposed by, this deed poll which occurs before it is terminated.

3 Performance of obligations

Subject to clause 2, APPML undertakes in favour of each Eligible Securityholder to observe and perform all obligations imposed on it under, and in accordance with, the Schemes including the relevant obligations to issue APPML Shares to Eligible Securityholders in accordance with the terms of the Schemes.

4 Representations and warranties

APPML represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

(d) this deed poll is valid and binding upon it and enforceable against it in accordance with its terms.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) APPML has fully performed its obligations under this deed poll; or

(b) any earlier termination of this deed poll under clause 2.2.

6 General

6.1 Waiver

(a) APPML is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising upon default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

(b) APPML may not rely on any conduct of another person as a defence to exercise of a right, power, authority, discretion or remedy of that person.

(c) This clause may not itself be waived except in writing.

6.2 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless the variation is agreed to by each of AGL, APT RE, APPT RE and APPML in writing and the Court approves the variation in which event APPML will enter into a further deed poll in favour of the Eligible Securityholders giving effect to the amendment.

6.3 Remedies cumulative

The rights, powers and remedies of APPML and the Eligible Securityholders under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

6.4 Assignment

The rights and obligations of APPML and the Eligible Securityholders under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity.

6.5 Governing law and jurisdiction

This deed poll is governed by the law in force in New South Wales. APPML irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

6.6 Further action

APPML must execute all deeds and other documents and do all things (on its own behalf or on behalf of each Eligible Securityholder) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

EXECUTED as a deed poll

Signing page

Dated: ______________________________

EXECUTED by **ASPEN PARKS PROPERTY MANAGEMENT LIMITED** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

____
Signature of director

____
Name of director (block letters)

____
Signature of director/company secretary

____
Name of director/company secretary (block letters)

Annexure F(4)
Deed Poll

APPT RE

Dated

Given by Aspen Funds Management Limited (ABN 48 104 322 278) as responsible entity of Aspen Parks Property Trust (ARSN 108 328 669) (**APPT RE**)

Details

Parties	**Aspen Funds Management Limited**	
APPT RE	Name	**Aspen Funds Management Limited**
	ABN	48 104 322 278
	Address	Level 18 9 Hunter Street Sydney NSW 2000
In favour of	Each Eligible Securityholder	
Recitals	A Each of AGL, APPT RE, APPML and APPT RE has entered into the Implementation Deed in relation to the implementation of the Proposal. B Under the Implementation Deed, each party to that deed agreed to take certain steps to implement the Proposal. C By this deed poll, APPT RE covenants in favour of Eligible Securityholders to perform the obligations contemplated of it under the Schemes.	

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General terms

1 Definitions and interpretation

1.1 Definitions

In this deed poll (unless the context otherwise requires):

AFML means Aspen Funds Management Limited (ABN 48 104 322 278).

AGL means Aspen Group Limited (ABN 50 004 160 927).

AGL Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between AGL and each AGL Shareholder attached as Annexure E(1) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

AGL Share means a fully paid ordinary share in AGL.

AGL Shareholder means each registered holder of an AGL Share as at the Record Date.

APPML means Aspen Parks Property Management Limited (ABN 91 096 790 331).

APPML Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between APPML and each APPML Shareholder attached as Annexure E(2) to the Explanatory Memorandum, together with any alterations made or required by the Court and which are acceptable to the parties to the Implementation Deed.

APPML Share means a fully paid ordinary share in APPML.

APPML Shareholder means each registered holder of an APPML Share as at the Record Date.

APPT means Aspen Parks Property Trust (ARSN 108 328 669).

APPT Constitution means the constitution dated 8 March 2004 establishing APPT (as amended).

APPT RE means AFML in its capacity as responsible entity of APPT.

APPT Supplemental Deed means the deed poll amending the constitution of APPT to facilitate and effect the APPT Trust Scheme.

APPT Trust Scheme means the arrangement in connection with the Proposal under which APPT Unitholders are compelled to subscribe for APT Units and AGL Shares, facilitated by amendments to the APPT Constitution as set out in the APPT Supplemental Deed.

APPT Unit means a fully paid ordinary unit in APPT.

APPT Unitholder means each registered holder of an APPT Unit as at the Record Date.

APT means Aspen Property Trust (ARSN 104 807 767).

APT RE means AFML in its capacity as responsible entity of APT.

APT Supplemental Deed means the deed poll amending the constitution of APT to facilitate and effect the APT Trust Scheme.

APT Trust Scheme means the arrangement in connection with the Proposal under which APT Unitholders are compelled to subscribe for APPT Units and APPML Shares, facilitated by amendments to the APT Constitution as set out in the APT Supplemental Deed.

APT Unit means a fully paid ordinary unit in APT.

APT Unitholder means each registered holder of an APT Unit as at the Record Date.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or the market operated by it, as the context requires.

Business Day has the meaning given in the listing rules of the ASX.

Court means the Supreme Court of New South Wales.

Corporations Act means the *Corporations Act 2001* (Cth).

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the AGL Scheme or the APPML Scheme, but in any event at no time before an office copy of the order of the Court is lodged with ASIC.

Effective Date means the date on which the AGL Scheme and the APPML Scheme becomes Effective.

Eligible Securityholder means:

(a) APT Unitholders;

(b) AGL Shareholders; and

(c) APPML Shareholders.

Explanatory Memorandum means the explanatory memorandum prepared by the parties to the Implementation Deed in connection with the Proposal, lodged with ASIC on or about 23 October 2015.

Implementation Deed means the deed titled "Merger Implementation Deed" dated 14 September 2015 between APPT RE, AGL, APPML and APT RE relating to the implementation of the Proposal (as amended).

Proposal means the proposal to merge AGL, APT, APPML and APPT by Stapling in accordance with the Schemes.

Record Date means 7.00pm (Sydney time) on the date that is 3 Business Days after the Effective Date.

Relevant Manager means:

(a) in the use of APT Unitholders, APT RE;

(b) in the case of APPML Shareholders, APPML; and

(c) in the case of AGL Shareholders, AGL.

Schemes means the AGL Scheme, the APPML Scheme, the APT Trust Scheme and the APPT Trust Scheme.

Stapling means the linking together of an AGL Share, an APT Unit, and APPML Share and an APPT Unit so that one may not be transferred or otherwise dealt with without the other and which are quoted on ASX jointly as a "Stapled Security" or such other terms as the ASX permits.

Termination Date means 29 February 2016 or such other date as is agreed by Aspen Group and Aspen Parks.

1.2 Interpretation

In this deed poll headings are for convenience only and do not affect the interpretation and, unless the context requires otherwise:

(a) words importing the singular include the plural and vice versa;

(b) a reference to any document is to that document as varied, novated, ratified or replaced;

(c) the word "person" includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association; and

(d) a reference to a clause or party is a reference to a clause of, and a party to, this deed poll.

1.3 Nature of deed poll

APPT RE acknowledges that:

(a) this deed poll may be relied on and enforced by any Eligible Securityholder in accordance with its terms even though the Eligible Securityholders are not a party to it; and

(b) each Eligible Securityholder has appointed its Relevant Manager, without the need for any further act, as that Eligible Securityholder's agent and attorney for the purpose of enforcing this deed poll against APPT RE on behalf of that Eligible Securityholder.

2 Conditions precedent and termination

2.1 Conditions precedent

APPT RE's obligations under clause 3 are subject to the AGL Scheme and the APPML Scheme becoming Effective and the APT Supplemental Deed and APPT Supplemental Deed being lodged with ASIC in accordance with section 601GC of the Corporations Act.

2.2 Termination

APPT RE's obligations under this deed poll will automatically terminate and the terms of this deed poll will be of no further force or effect if:

(a) the condition in clause 2.1 is not satisfied on or before the Termination Date; or

(b) the Implementation Deed is terminated in accordance with its terms.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to APPT RE and the Eligible Securityholders:

(a) APPT RE is released from its obligations to further perform this deed poll; and

(b) Eligible Securityholders each retain any rights they each have against APPT RE in respect of any obligation which accrued under, or by reason of any breach of any obligation imposed by, this deed poll which occurs before it is terminated.

3 Performance of obligations

Subject to clause 2, APPT RE undertakes in favour of each Eligible Securityholder to observe and perform all obligations imposed on it under, and in accordance with, the Schemes including the relevant obligations to issue APPT Units to Eligible Securityholders in accordance with the terms of the Schemes.

4 Representations and warranties

APPT RE represents and warrants that:

(a) it is a corporation validly existing under the laws of its place of registration;

(b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;

(c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and

(d) this deed poll is valid and binding upon it and enforceable against it in accordance with its terms.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) APPT RE has fully performed its obligations under this deed poll; or

(b) any earlier termination of this deed poll under clause 2.2.

6 Limitation of Liability

(a) AFML enters into this deed only in its capacity as responsible entity of APPT and in no other capacity. A liability incurred by AFML arising under or in connection with this deed is limited to and can be enforced against AFML only to the extent to which it can be satisfied out of the assets of APPT out of which AFML is actually indemnified for the liability. AFML will exercise its rights of indemnification in order to satisfy its obligations under this deed. This limitation of AFML's liability applies despite any other provision of this deed (other than clause 6(c)) and extends to all liabilities and obligations of AFML in any way connected with any representation, warranty, conduct, omission, deed or transaction related to this deed.

(b) No Eligible Securityholder may sue AFML in any capacity other than as responsible entity of APPT, including seeking the appointment of a receiver, a liquidator, an administrator or any similar person to AFML or prove in any liquidation, administration or arrangement of or affecting AFML (except in relation to the assets of APPT).

(c) The provisions of this clause 6 do not apply to any obligation or liability of AFML to the extent that it is not satisfied because under the APPT Constitution or by operation of law AFML is not indemnified or there is an elimination of or a reduction in the extent of AFML's indemnification out of the assets of APPT as a result of AFML's fraud, negligence, wilful misconduct or breach of trust.

(d) No act or omission of AFML (including any related failure to satisfy its obligations or breach of representation or warranty under this deed) will be considered fraud, negligence, wilful misconduct of AFML for the purpose of clause 6(c) to the extent to which the act or omission was caused or contributed to by any failure by another person (other than a person whose acts or omissions AFML is liable for, as agent, officer, employee, contractor or otherwise) to fulfil its obligations relating to APPT or by any other act or omission of another person (other than a person whose acts or omissions AFML is liable for, as agent, officer, employee, contractor or otherwise) regardless of whether or not that act or omission is purported to be done on behalf of AFML.

(e) No receiver or receiver and manager appointed has authority to act on behalf of AFML in any way which exposes AFML to any personal liability and no act or omission of any such person will be considered fraud, negligence, wilful misconduct or a breach of a representation and warranty as to authority for the purpose of clause 6(c).

(f) AFML is not obliged to enter into any commitment or obligation under this deed unless AFML's liability is limited in accordance with this clause 6.

7 General

7.1 Waiver

(a) APPT RE is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising upon default under this deed poll as constituting a waiver of that right, power, authority, discretion or remedy.

(b) APPT RE may not rely on any conduct of another person as a defence to exercise of a right, power, authority, discretion or remedy of that person.

(c) This clause may not itself be waived except in writing.

7.2 Variation

A provision of this deed poll or any right created under it may not be varied, altered or otherwise amended unless the variation is agreed to by each of AGL, APT RE, APPT RE and APPML in writing and the Court approves the variation in which event APPT RE will enter into a further deed poll in favour of the Eligible Securityholders giving effect to the amendment.

7.3 Remedies cumulative

The rights, powers and remedies of APPT RE and the Eligible Securityholders under this deed poll are cumulative and are in addition to, and do not exclude any, other rights, powers and remedies given by law independently of this deed poll.

7.4 Assignment

The rights and obligations of APPT RE and the Eligible Securityholders under this deed poll are personal and must not be assigned, encumbered or otherwise dealt with at law or in equity.

7.5 Governing law and jurisdiction

This deed poll is governed by the law in force in New South Wales. APPT RE irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of that place.

7.6 Further action

APPT RE must execute all deeds and other documents and do all things (on its own behalf or on behalf of each Eligible Securityholder) necessary or expedient to give full effect to this deed poll and the transactions contemplated by it.

EXECUTED as a deed poll

Signing page

Dated: ______________________

EXECUTED by **ASPEN FUNDS MANAGEMENT LIMITED IN ITS CAPACITY AS RESPONSIBLE ENTITY OF ASPEN PARKS PROPERTY TRUST** in accordance with section 127(1) of the *Corporations Act 2001* (Cth) by authority of its directors:

____
Signature of director

____
Name of director (block letters)

____
Signature of director/company secretary

____
Name of director/company secretary (block letters)

Annexure G
APPF and Aspen Group Announcements

Date	Description
28 August 2015	Cancellation of Employee Performance Rights
14 September 2015	Merger of Aspen Group and Aspen Parks Property Fund
14 September 2015	Merger of Aspen Group and APPF Presentation
14 September 2015	Merger Implementation Deed
14 September 2015	Resignation of Non-executive Director Mr Hugh Martin
14 September 2015	Merger of APZ and APPF Presentation with CEO speech notes
14 September 2015	Final Director's Interest Notice
14 September 2015	Aspen Parks Disclosure Notice re Merger with Aspen Group
14 September 2015	Aspen Parks Property Fund Merger Presentation
15 September 2015	Aspen Parks Settlement of three WA properties
17 September 2015	Change of Director's Interest Notice
17 September 2015	Change of Director's Interest Notice
18 September 2015	Change of Director's Interest Notice
21 September 2015	Change of Director's Interest Notice
21 September 2015	Change in substantial holding
23 September 2015	Change of Director's Interest Notice
24 September 2015	Change of Director's Interest Notice
25 September 2015	Change of Director's Interest Notice
28 September 2015	Change of Director's Interest Notice
29 September 2015	Change of Director's Interest Notice
30 September 2015	Change of Director's Interest Notice
30 September 2015	Change of Director's Interest Notice
30 September 2015	Change of Director's Interest Notice
1 October 2015	Change of Director's Interest Notice
2 October 2015	Appendix 3B – Performance Rights
2 October 2015	Appendix 3B – Stapled Securities
6 October 2015	Change of Director's Interest Notice
6 October 2015	Acquisition of inner Adelaide caravan park
15 October 2015	Merger of Aspen Group and Aspen Parks Property Fund
15 October 2015	Annual Report to shareholders
15 October 2015	Notice of Annual General Meeting/Proxy Form
19 October 2015	Merger of Aspen Group and Aspen Parks Property Fund
22 October 2015	Acquisition of inner Adelaide caravan park completed

Date	Description
9 September 2015	Substantial Security Holdings 9 Sep 2015
14 September 2015	Changes to Fund Board Members 14 Sep 2015
14 September 2015	APZ (Aspen Group) Merger of Aspen Group and APPF Presentation
14 September 2015	APZ (Aspen Group) Merger of Aspen Group and APPF
14 September 2015	Merger Implementation Deed 14 Sep 2015
14 September 2015	Merger Presentation 14 Sep 2015
14 September 2015	Merger of Aspen Parks Property Fund with Aspen Group 14 Sep 2015
15 September 2015	Sale of Three WA Properties 15 Sep 2015
21 September 2015	Hardship Facility Update 21 Sep 2015
6 October 2015	Substantial Security Holdings 6 Oct 2015
14 October 2015	Update to Securityholders 14 Oct 2015
19 October 2015	Update from the APPF Independent Board Committee
22 October 2015	Acquisition of inner Adelaide caravan park completed

Annexure H   Historical Financial Information

Annexure H
Historical Financial Information

The following tables have been extracted from the previously audited annual financial statements in 2013, 2014 and 2015. Note that in 2015, Aspen Group gained control of APPF which it therefore consolidated. Prior to 2015, Aspen Group's stake in APPF is disclosed in the balance sheet as Investment in Associate.

1 Consolidated Statements of financial position

Consolidated Statements of financial position for APPF for the last three financial years

	APPF 30 June 2013 $'000	APPF 30 June 2014 $'000	APPF 30 June 2015 $'000
Assets			
Current assets			
Cash and cash equivalents (including term deposits)	23,218	5,935	1,789
Assets classified as held for sale	17,015	11,956	34,171
Other current assets	6,177	2,853	2,949
Total current assets	**46,410**	**20,744**	**38,909**
Non-current assets			
Property, Plant and Equipment	237,607	177,555	172,855
Goodwill	9,774	2,480	7,187
Total non-current assets	**247,381**	**180,035**	**180,042**
Total assets	**293,791**	**200,779**	**218,951**
Liabilities			
Current liabilities			
Trade & other payables	13,964	7,769	9,111
Interest bearing loans and borrowings	475	11,956	15,800
Provisions	1,451	3,393	1,821
Other current liabilities	1,087	932	2,071
Total current liabilities	**16,977**	**24,021**	**28,803**
Non-current liabilities			
Interest bearing loans and borrowings	127,476	98,204	90,767
Other non-current liabilities	1,490	136	958
Total non-current liabilities	**128,966**	**98,340**	**91,725**
Total liabilities	**145,943**	**122,361**	**120,528**
Net assets	**147,849**	**78,418**	**98,423**
Equity			
Issued capital	186,429	187,932	222,559
Retained earnings	21,712	20,304	17,736
Reserves	(60,292)	(129,818)	(141,872)
Total equity attributable to APPF securityholders	**147,849**	**78,418**	**98,423**
Non-controlling interest	–	–	–
Total equity	**147,849**	**78,418**	**98,423**
Key balance sheet metrics			
APPF securities on issue ('000)	161,106	162,743	232,636
Net assets per statement of financial position	**147,849**	**78,417**	**98,423**
Acquisition costs capitalised into NAV	–	–	1,337
Unrecognised goodwill	17,616	9,515	7,757
Net differed tax liability	(5,285)	(1,695)	–
Net asset value	**160,180**	**86,237**	**107,517**
NAV per security ($)	0.99	0.5299	0.4622
Gearing (%)	40.0%	51.0%	46.3%

Consolidated Statements of financial position
for Aspen Group for the last three financial years

	Aspen Group 30 June 2013 $'000	Aspen Group 30 June 2014 $'000	Aspen Group 30 June 2015 $'000
Assets			
Current assets			
Cash and cash equivalents (including term deposits)	37,605	44,681	23,250
Assets classified as held for sale	178,818	115,155	108,485
Other assets	35,091	10,967	8,285
Total current assets	**251,514**	**170,803**	**140,020**
Non-current assets			
Property, Plant and Equipment	2,427	1,436	209,794
Goodwill	–	–	11,953
Other non-current assets	315,411	49,481	661
Total non-current assets	**317,838**	**50,917**	**222,408**
Total assets	**569,352**	**221,720**	**362,428**
Liabilities			
Current liabilities			
Trade & other payables	10,104	7,769	15,810
Liabilities of assets held for sale	136,449	23,219	602
Interest bearing loans and borrowings	3,034	2,931	33,070
Provisions	11,506	2,919	5,244
Other current liabilities	1,671	683	1,392
Total current liabilities	**162,764**	**37,521**	**56,118**
Non-current liabilities			
Interest bearing loans and borrowings	119,892	4,500	108,821
Other non-current liabilities	–	–	1,427
Total non-current liabilities	**119,892**	**4,500**	**110,248**
Total liabilities	**282,656**	**42,021**	**166,366**
Net assets	**286,696**	**179,699**	**196,062**
Equity			
Issued capital	522,051	523,031	514,473
Retained earnings	(236,755)	(320,777)	(357,179)
Reserves	(9)	(1,423)	2,660
Total equity attributable to Aspen Group securityholders	**283,822**	**199,366**	**159,954**
Non-controlling interest	2,874	(19,667)	36,108
Total equity	**286,696**	**179,699**	**196,062**
Key balance sheet metrics			
Aspen Group securities on issue ('000)			113,161
Net assets per statement of financial position	**286,696**	**179,699**	**196,062**
Non-controlling interests relating to APPF	–	–	(55,252)
Acquisition costs capitalised into NAV	–	–	1,659
Unrecognised goodwill	–	–	50
Net asset value	**286,696**	**179,699**	**142,520**
NAV per security ($)	2.31	1.50	1.26
Gearing (%)	34.0%	Nil	35.0%

2 Consolidated cashflow statements

Consolidated cashflow statements for APPF for the last three financial years

	APPF 30 June 2013 $'000	APPF 30 June 2014 $'000	APPF 30 June 2015 $'000
Cash flows from operating activities			
Receipts from customers	84,046	75,262	65,978
Payments to suppliers & employees	(55,248)	(62,701)	(53,209)
Borrowing costs	(6,536)	(6,141)	(4,975)
Interest received	958	293	81
Tax	(838)	–	502
Net cash flows from operating activities	**22,382**	**6,713**	**8,377**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(39,607)	(13,304)	(35,133)
Proceeds from disposal of property, plant and equipment	1,804	11	–
Proceeds from disposal of assets held for sale	–	17,015	–
Cash invested in term deposits	–	(2,000)	–
Net cash flows from investing activities	**(37,803)**	**1,722**	**(35,133)**
Cash flows from financing activities			
Proceeds from borrowings	30,670	–	45,425
Repayment of borrowings	(17,056)	(17,791)	(49,018)
Proceeds from the issue of stapled securities	26,445	1,798	41,212
Payments on redemption of stapled securities	(11,695)	–	(6,000)
Distribution paid	(17,177)	(11,430)	(8,424)
Payment of transaction costs	(304)	(295)	(585)
Net cash flows from financing activities	**10,883**	**(27,718)**	**22,610**
Net cash flows	**(4,538)**	**(17,283)**	**(4,146)**

Consolidated cashflow statements for Aspen Group for the last three financial years

	Aspen Group 30 June 2013 $'000	Aspen Group 30 June 2014 $'000	Aspen Group 30 June 2015 $'000
Cash flows from operating activities			
Receipts from customers	141,658	107,624	76,310
Payments to suppliers & employees	(131,181)	(58,327)	(67,028)
Dividends received	6,609	3,572	230
Borrowing costs	(36,694)	(14,114)	(7,289)
Interest received	11,833	1,752	1,192
Net cash flows from operating activities	**(7,775)**	**40,507**	**3,415**
Cash flows from investing activities			
Proceeds from sale of investment properties	36,043	163,659	20,673
Proceeds from sale of investment in associates and joint ventures	24,437	30,546	–
Proceeds from disposal of assets held for sale	20,755	10,908	18,393
Proceeds from sale of plant and equipment	–	3	–
Improvements to investment properties	(3,688)	(720)	(1,031)
Improvements to assets held for sale	(283)	–	–
Payments for investment in associates and joint ventures	–	(10,476)	–
Repayment of loan from third parties	–	–	3,000
Repayment of loan from Directors	–	–	2,150
Acquisition of property, plant and equipment	(2,001)	–	(45,502)
Acquisition of business	–	–	(7,707)
Acquisition of subsidiary, net of cash acquired	(25,315)	–	(33,571)
Cash invested in term deposits & restricted funds	(22,300)	175	(2,834)
Net cash flows from investing activities	**27,648**	**194,095**	**(46,429)**
Cash flows from financing activities			
Proceeds from borrowings	1,744	–	68,304
Proceeds of issue of securities	101,436	980	–
Repayment of borrowings	(93,903)	(202,258)	(20,150)
Repayments from associates	445	877	–
Payment of equity securities issue costs	(4,279)	–	–
Payments for securities buy-back		–	(8,641)
Distribution paid	(8,903)	(17,936)	(10,441)
Payment for securities bought back from non-controlling interests		–	(5,786)
Distribution paid to non-controlling interests	(109)	(11,447)	(4,116)
Net cash flows from financing activities	**(3,569)**	**(229,784)**	**19,170**
Net cash flows	**16,304**	**4,818**	**(23,844)**

3 Consolidated income statements

Consolidated income statement for APPF for the last three financial years

	APPF 30 June 2013 $'000	APPF 30 June 2014 $'000	APPF 30 June 2015 $'000
Revenue from park operations	75,153	46,639	43,444
Cost of sales	(25,649)	(27,255)	(23,210)
Gross profit	**49,504**	**19,384**	**20,134**
Other income	2,012	1,690	318
Administration expense	(1,782)	(7,272)	(7,920)
Property depreciation, fair value adjustments, other	(44,335)	(42,222)	(11,392)
Operating profit/(loss) before financing expenses	**5,399**	**(28,420)**	**(1,140)**
Finance income	958	245	68
Finance expenses	(6,536)	(5,681)	(5,468)
Net financing expense	**(5,578)**	**(5,436)**	**(5,400)**
Loss from continuing operations for the year before tax	**(179)**	**(33,856)**	**(4,260)**
Income tax benefit	443	1,668	22
Loss/profit from continuing operations	**264**	**(32,188)**	**(4,238)**
Loss from discontinued operations	–	(16,272)	(805)
Loss/profit for the year after tax	**264**	**(48,460)**	**(5,043)**
Other comprehensive expense			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment	(6,281)	(11,368)	(1,432)
Related tax	(1,435)	(585)	530
Other comprehensive expense for the year net of tax	**(7,716)**	**(11,953)**	**(902)**
Total comprehensive expense for the year	**(7,452)**	**(60,413)**	**(5,945)**

	cents	cents	cents
Basic and diluted earnings per stapled security attributable to securityholders	(4.693)	(29.815)	(2.329)
Basic and diluted earnings per stapled security attributable to securityholders – continuing operations		(19.804)	(1.957)

Consolidated income statement for Aspen Group for the last three financial years

	Aspen Group 30 June 2013 $'000	Aspen Group 30 June 2014 $'000	Aspen Group 30 June 2015 $'000
Revenue	26,356	21,156	44,593
Cost of sales	(6,219)	(5,995)	(22,924)
Gross profit	**20,137**	**15,161**	**21,669**
Expenses			
Administration expense	(13,561)	(12,812)	(19,225)
Property depreciation, fair value adjustments, other	(34,291)	(13,393)	(33,824)
Total expenses	**(47,852)**	**(26,205)**	**(53,049)**
Other Income		1,124	4
Share of profits/losses of associates	(1,162)	(5,982)	473
	175	**(4,858)**	**477**
Earnings before interest and income tax expenses (EBIT)	**(28,702)**	**(15,902)**	**(30,903)**
Finance income	3,008	3,069	1,128
Finance costs	(2,036)	(9,600)	(8,124)
Loss before income tax	**(27,730)**	**(22,433)**	**(37,899)**
Income tax benefit	–	(12,141)	–
Loss from continuing operations	**(27,730)**	**(34,574)**	**(37,899)**
Discontinued operations			
Profit/(loss) for the year from discontinued operations	(10,290)	(47,236)	6,175
Loss for the year	**(38,020)**	**(81,810)**	**(31,724)**
Loss attributable to ordinary equity holders of the parent entity	**(27,752)**	**(70,716)**	**(23,433)**
Loss attributable to non-controlling interest	**(10,268)**	**(11,094)**	**(8,291)**
Loss for the year	**(38,020)**	**(81,810)**	**(31,724)**
Earnings per security (EPS) attributable to ordinary equity holders of the parent entity from continuing operations			
Basic earnings per security	(27.31)	(22.17)	(25.45)
Diluted earnings per security	(27.31)	(22.17)	(25.45)

	cents	cents	cents
Earnings per security (EPS) attributable to ordinary equity holders of the parent entity			
Basic earnings per security	(27.34)	(59.05)	(20.40)
Diluted earnings per security	(27.34)	(59.05)	(20.40)

Corporate Directory

Aspen Group

Aspen Group Limited
ABN 50 004 160 927

Aspen Property Trust
ARSN 104 807 767

Responsible entity
Aspen Funds Management Limited
ABN 48 104 322 278
AFSL 227933

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Aspen Parks Property Fund

Aspen Parks Property Management Ltd
ABN 91 096 790 331

Aspen Parks Property Trust
ARSN 108 328 669

Responsible entity
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ABN 48 104 322 278
AFSL 227933

Registered office of Aspen Parks Property Fund
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