



Aspen Parks Property Fund
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Continuous Disclosure

Aspen Parks Property Fund

Date: 30 October 2015

Title: Revised Aspen Group Proposal

APPF Board Committee recommends that securityholders vote in favour of the Revised Aspen Group Proposal

Dear Securityholder

On 26 October 2015, Aspen Funds Management Limited as Manager of the Aspen Parks Property Fund (**APPF**) advised that it had received an unsolicited, off-market takeover offer from a wholly owned subsidiary of Discovery Parks Holdings Pty Ltd (ACN 127 847 269) (**Discovery Parks**) to acquire all the securities of APPF at a cash price of \$0.58 per APPF security (**Discovery Offer**).

Aspen Funds Management Limited as Manager of APPF today announces that it has received a revised proposal from Aspen Group ("**Revised Aspen Group Proposal**") in relation to the proposed merger between Aspen Group and APPF announced on 14 September 2015.

Under the terms of the Revised Aspen Group Proposal, APPF securityholders will be entitled to receive:

- **Scrip Option:** 0.42857 Merged Group securities for each APPF security held (increased from 0.386 Merged Group securities for each APPF security held); or
- **Cash Option:** \$0.60 per APPF security (increased from \$0.52 per security), subject to an overall cap of \$41 million¹, which represents approximately 50% of total merger consideration; or
- A combination of the **Scrip Option** and the **Cash Option**

Under the Revised Aspen Group Proposal, APPF securityholders will also continue to receive their distribution from APPF until merger implementation, which is currently expected to be in December 2015 (representing additional value of approximately 1 cent per APPF security).

The APPF Board Committee, in conjunction with its independent financial and legal advisers, has undertaken a detailed assessment of the Revised Aspen Group Proposal together with the Discovery Offer announced earlier this week. After careful consideration, the APPF Board

¹ 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

Committee has resolved to **recommend the Revised Aspen Group Proposal** in the absence of a superior proposal, and advises that APPF securityholders take no action in relation to the Discovery Offer.

Rationale for recommending the Revised Aspen Group Proposal over the Discovery Offer

1. *The Revised Aspen Group Proposal represents a superior value proposition to the Discovery Offer*
 - The Revised Aspen Group Proposal represents value of \$0.60 per APPF security². APPF securityholders will also receive additional value of approximately 1 cent per APPF security in APPF distributions until merger implementation (currently expected to be in December 2015). This represents:
 - 29.8% premium to APPF's NAV of \$0.4622 as at 30 June 2015
 - 17.5% premium to APPF's most recent asset valuations as at 30 June 2015
 - 3.4% or 2 cent premium to the Discovery Offer of \$0.58
 - 5.0% or approximately 3 cent premium to the Discovery Offer, including the value of APPF distributions prior to the merger implementation
 - The Discovery Offer is structured such that the \$0.58 cash consideration will be reduced by the amount of any distribution paid by APPF after 23 October 2015
2. *The Revised Aspen Group Proposal provides APPF securityholders with greater investment choice, enabling APPF securityholders to remain invested in the value-for-money accommodation sector through the enlarged merged group*
 - The Revised Aspen Group Proposal provides the opportunity for APPF securityholders to remain invested and participate in the value-for-money accommodation asset class through a larger, more diversified and more liquid investment vehicle
 - APPF securityholders will benefit from the income and capital returns from exposure to a sector with positive long term trends
 - Forecast FY16 annualised distribution of 12.0 cents per security, implying a yield of 8.6% on merged group securities³
 - Under the Discovery Offer, the potential to remain invested in this asset class is possible, but uncertain

The APPF Board Committee advises APPF securityholders to TAKE NO ACTION in relation to the Discovery Offer. APPF will formally respond to the Discovery Offer via its Target's Statement, which is expected to be dispatched to securityholders by mid to late November.

² Consideration represents (a) the cash consideration of \$0.60 per APPF security; (b) the revised merger ratio (0.42857) multiplied by Aspen Group's 10 day VWAP (\$1.40 as at 23 October 2015, being the last trading day before the announcement of the Discovery Offer) which equals \$0.60 per APPF security

³ Based on Aspen Group's 10 day VWAP (\$1.40 as at 23 October 2015 being the last trading day before the announcement of the Discovery Offer)

In relation to the Revised Aspen Group Proposal, the APPF Board Committee expects the Explanatory Memorandum and Securityholder Booklets to be released in early November.

If you have any queries, please contact your financial adviser or Aspen Investor Services on 1800 220 840.