Aspen Group Limited
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MARKET RELEASE

ASX ANNOUNCEMENT
16 November 2015

APPF – Second Supplementary Bidder's Statement

Aspen Group (ASX:APZ) notes the announcement by Aspen Parks Property Fund (APPF) advising that it has received the Second Supplementary Bidder's Statement, for the previously announced unsolicited, off-market takeover offer (**Discovery Offer**), from Beston Parks Land Co Pty Ltd (ACN 111 783 423) as trustee for the Beston Accommodation Parks Trust (ABN 61 229 965 660), a wholly owned subsidiary of Discovery Parks Holdings Pty Ltd (ACN 127 847 269) (**Discovery Parks**). Discovery Parks is 95.32% owned subsidiary of Sunsuper Superannuation Fund.

Aspen Group encloses an announcement from APPF.

The APPF Board Committee advises APPF securityholders to take no action in relation to the Discovery Offer.

Aspen Group will continue to keep the market informed as appropriate.

END

Aspen Parks Property Fund
ARSN: 108 328 669

Aspen Parks Property Management Ltd
ABN 91 096 790 331

Aspen Funds Management Ltd
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Continuous Disclosure

Aspen Parks Property Fund

Date: **16 November 2015**
Title: **Second Supplementary Bidder's Statement**

Aspen Funds Management Limited as responsible entity of the Aspen Parks Property Trust and Aspen Parks Property Management Limited (together, **APPF**) advises that they have received the Second Supplementary Bidder's Statement, for the previously announced unsolicited, off-market takeover offer (**Discovery Offer)**, from Beston Parks Land Co Pty Ltd (ACN 111 783 423) as trustee for the Beston Accommodation Parks Trust (ABN 61 229 965 660), a wholly owned subsidiary of Discovery Parks Holdings Pty Ltd (ACN 127 847 269) (**Discovery Parks**). Discovery Parks is 95.32% owned subsidiary of Sunsuper Superannuation Fund (**Sunsuper)**.

A copy of the Second Supplementary Bidder's Statement is attached.

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 despatched to securityholders by mid to late November.

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

SECOND SUPPLEMENTARY BIDDER'S STATEMENT

Offer to acquire all of your stapled securities in ASPEN PARKS PROPERTY FUND

**Offer information line:
1300 781 243
(within Australia)
or +61 3 9415 4662
(outside Australia)**

This is the second supplementary bidder's statement dated 16 November 2015 (**Second Supplementary Bidder's Statement**) to the Bidder's Statement dated 23 October 2015 (**Original Bidder's Statement**) as supplemented by the first supplementary bidder's statement dated 9 November 2015 (**First Supplementary Bidder's Statement**). It is lodged under section 643 of the Corporations Act 2001 (Cth) by Beston Parks Land Co Pty Ltd (ACN 111 783 423) as trustee for Beston Accommodation Parks Trust (ABN 61 229 965 660) (**Discovery Bidder**). This Second Supplementary Bidder's Statement supplements and is to be read together with the Original Bidder's Statement and the First Supplementary Bidder's Statement.

Unless the context requires otherwise, terms defined in the Original Bidder's Statement and the First Supplementary Bidder's Statement have the same meaning in this Second Supplementary Bidder's Statement. This Second Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Original Bidder's Statement and the First Supplementary Bidder's Statement.

This is an important document and requires your immediate attention. You should read it in its entirety. If you are in doubt as to how to deal with this document, please consult your financial, legal or other professional adviser.

The Explanatory Memorandum for the APZ Proposed Merger materially overstates APZ Merged Group earnings

In the Explanatory Memorandum for the APZ Proposed Merger dated 3 November 2015 (**Explanatory Memorandum**), APZ has estimated the June 2016 pro forma underlying earnings per security (**EPS**) for APZ Merged Group[1] to be **12.8 cents.**

Discovery Bidder believes that a calculation error has resulted in this EPS figure being materially overstated. The correct EPS is actually **10.6 cents**[2].

The Explanatory Memorandum therefore overstates the earnings of APZ Merged Group by 21%.

Discovery Bidder has sought advice from leading accounting firm, BDO,[3] about the disclosure in the Explanatory Memorandum concerning the pro forma earnings of APZ Merged Group. The conclusions from BDO's analysis are set out in the table below:

Disclosure in Explanatory Memorandum	EPS disclosure in Explanatory Memorandum (cents)	Appropriate EPS disclosure (BDO opinion) (cents)	Percentage differential
APZ Merged Group pro forma consolidated income statement for year ended 30 June 2015 (Section 8.6.3 table of the Explanatory Memorandum)			
Underlying earnings per security	8.5	7.6	12%
Statutory earnings per security	(23.4)	(20.9)	12%
Consolidated earnings forecast for the year ending 30 June 2016 (Section 8.7.2 table of the Explanatory Memorandum)			
Underlying earnings per security	12.8	10.6	21%

A letter from BDO setting out the basis for this conclusion is included with this Second Supplementary Bidder's Statement in **Annexure A**.

1 Based on an assumed date for implementation of the merger of 22 December 2015.

2 Refer to BDO letter in Annexure A (page 9).

3 BDO Corporate Finance (SA) Pty Ltd (ACN 008 181 379).

In the opinion of Discovery Bidder, and as discussed below, the magnitude of this error:

- casts significant doubt on the conclusion of the "independent expert" (KPMG Corporate Finance) that the APZ Proposed Merger is in the best interests of APZ and APPF Securityholders and superior to the Discovery Offer; and
- calls into question the basis on which the APPF Board Committee has recommended that APPF Securityholders vote in favour of the APZ Proposed Merger.

The error and its effects are discussed in more detail below.

1. The "independent expert" uses the estimated pro forma EPS of 12.8 cents per security and a distribution estimate of 12 cents per security for 30 June 2016 as two of the four arguments to support the "independent expert's" view on the fair value range for the APZ Merged Group of $1.30-$1.40 per security. **A material downward restatement of this EPS estimate may mean this fair value range is incorrect.**
2. It is assumed by the "independent expert" that the distribution per security for the APZ Merged Group for the year ending 30 June 2016 will be **12 cents per security.** This is more than the correct pro forma EPS of 10.6 cents for the APZ Merged Group. It will be difficult for the APZ Merged Group to sustainably pay distributions which are greater than earnings.
3. In section 3.5 of the Explanatory Memorandum it is suggested that APPF Securityholders will benefit from a potential 11-19% increase in EPS for the year ending 30 June 2016. However, based on the correct pro forma EPS of 10.6 cents[4], the APZ Proposed Merger would actually **result in an EPS decrease** for APPF Securityholders for this period.
4. The "independent expert's" opinion that the APZ Proposed Merger is superior to the Discovery Offer is based on the above EPS and distribution conclusions. **The discovered error casts significant doubt on the conclusions that the "independent expert" has reached.**
5. This leads to real **questions about the process applied by, and the governance, independence and objectivity of, the APPF Board Committee in coming to its recommendation** that the APZ Proposed Merger is in the best interests of APPF Securityholders.
6. In addition, the existence of this error, coupled with APZ's refusal to correct its disclosure despite it being pointed out by Discovery Bidder, begs the question of whether APZ management should be the custodian of your investment.

4 Refer to BDO letter in Annexure A (page 9).

The Discovery Offer delivers certain value, is superior to the APZ Proposed Merger and is now open for acceptance.

As explained in the Original Bidder's Statement and the First Supplementary Bidder's Statement, you should accept the Discovery Offer now because:

1. The Discovery Offer is superior to the APZ Proposed Merger because it is all cash, which provides value certainty.
2. The APZ Merged Group Securities offered under the APZ Proposed Merger are likely to be illiquid and their value uncertain.
3. APZ's leadership has presided over significant value destruction for both APZ and APPF investors – which means that if you come to hold APZ Merged Group Securities you will remain exposed to the same management capability that has seen the value of your APPF Stapled Securities decline.
4. If you accept APZ Merged Group Securities or are forced to accept them because the cash consideration in the APZ Proposed Merger has run out, you will be exposed to a greater amount of resource industry accommodation than is currently held in APPF and also to an unproven APZ strategy to increase exposure to manufactured housing estates.
5. The Discovery Offer is less conditional than the APZ Proposed Merger.
6. Discovery Bidder has significant concerns about the independence of the APPF Board Committee and its governance and is now also troubled by the incorrect EPS figure and is therefore concerned about the APPF Board Committee's recommendation of the APZ Proposed Merger.
7. The APPF Board Committee's justification for recommending the APZ Proposed Merger over the Discovery Offer relies on misleading comparisons with companies like Ingenia and Gateway that have substantially greater exposure to growth and development income from the Manufactured Housing Estate sector.

1. Key dates and events in the Discovery Offer

Original Bidder's Statement lodged with ASIC	**Friday 23 October 2015**
Date of this First Supplementary Bidder's Statement	**Monday 9 November 2015**
Offer opened	**Monday 9 November 2015**
Date of this Second Supplementary Bidder's Statement	**Monday 16 November 2015**
Offer closes, unless extended or withdrawn	**7.00pm (Sydney time) on Wednesday 9 December 2015**

2. Consents

Johnson Winter & Slattery and BDO Corporate Finance (SA) Pty Ltd (ACN 008 181 379) have given, and have not before the date of this Second Supplementary Bidder's Statement withdrawn, their written consent to:

- be named in this Second Supplementary Bidder's Statement in the form and context in which they have been named; and
- the inclusion of each statement they have made, and each statement that is said in this Second Supplementary Bidder's Statement to be based on a statement they have made, in the form and context in which the statements have been included.

3. How do I accept the Discovery Offer?

You may **ACCEPT** the Discovery Offer in respect of all or any of the APPF Stapled Securities held by you.

To accept the Discovery Offer you must complete and sign the Offer Acceptance Form that was enclosed with the **First Supplementary Bidder's Statement** (dated 9 November 2015) in accordance with the instructions on it and deliver it or send it by post to the registry address on the Offer Acceptance Form together with all other documents required by the instructions on the Offer Acceptance Form, so that they are received before the end of the Offer Period, which is by no later than 7.00pm (Sydney time) on Wednesday 9 December 2015, unless extended or withdrawn.

Offer Acceptance Forms may also be sent by facsimile to +61 3 9473 2093 or by email to **discoveryoffer@computershare.com.au** before the end of the Offer Period, but all other documents required by the instructions on the Offer Acceptance Form must then be sent to the address on the Offer Acceptance Form.

Please refer to the Offer Acceptance Form that that was enclosed with the **First Supplementary Bidder's Statement** for further instructions on how to **ACCEPT** the Discovery Offer.

4. Further information

If you have any questions in relation to the Discovery Offer, please contact your financial or other professional advisor or contact the Discovery Offer information line on 1300 781 243 (within Australia) or +61 3 9415 4662 (from outside Australia).

5. Approval of Second Supplementary Bidder's Statement

This Second Supplementary Bidder's Statement has been approved by a resolution passed by the directors of Discovery Bidder.

Signed for and on behalf of Discovery Bidder in accordance with section 351 of the Corporations Act:

Grant Wilckens
Director
Beston Parks Land Co Pty Ltd

Dated: 16 November 2015

A copy of this Second Supplementary Bidder's Statement was lodged with the Australian Securities and Investments Commission (**ASIC**) on 16 November 2015. Neither ASIC nor any of its officers take any responsibility for the contents of this First Supplementary Bidder's Statement.

Annexure A

BDO

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Mr Grant Wilckens
Discovery Parks Holdings Pty Ltd
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16 November 2015

Dear Grant

ASPEN PARKS PROPERTY FUND - ASPEN GROUP MERGER PROPOSAL

Discovery Parks Holdings Pty Ltd (**'Discovery'**) have requested BDO Corporate Finance (SA) Pty Ltd (**'BDO'**) to provide advice as to the appropriate accounting treatment of two particular disclosures in included in the Explanatory memorandum - Proposal for the merger of Aspen Parks Property Fund dated 3 November 2015 (**'EM'**) issued by Aspen Group (**'APZ'**) and Aspen Parks Property Fund (**'APPF'**) in accordance with applicable Australian accounting pronouncements.

Executive Summary of Advice

The table below summarises our opinion as to the appropriate accounting treatment and disclosure of the pro forma earnings per security disclosures in the EM that Discovery has queried and should be read in conjunction with the full contents of this letter.

Disclosure	Aspen EM disclosure (cents)	Appropriate disclosure (BDO Opinion) (cents)	Percentage differential
Merged Group pro forma consolidated income statement for year ended 30 June 2015 (Section 8.6.3 Table)			
Underlying earnings per security	**8.5**	**7.6**	**12%**
Statutory earnings per security	**(23.4)**	**(20.9)**	**12%**
Consolidated earnings forecast for the year ending 30 June 2016 (Section 8.7.2 Table)			
Underlying earnings per security	**12.8**	**10.6**	**21%**

BDO

Based on the background facts and assumptions outlined below and our interpretation of the relevant accounting pronouncements, in our opinion the specific accounting implications are summarised below:

- To be consistent with the earnings numerators for the Merged Group for the period 1 July 2014 to 30 June 2015 an appropriate assumption in calculating the weighted average securities on issue would be to assume that the securities issued by APZ as a result of the proposed Merger of APZ and APPF are issued on 1 July 2014.
- In our view this assumption meets the obligations under AASB 133 Earnings per share and more specifically the obligations under RG 230.71.
- In our opinion based upon consistent assumptions as to the calculation of weighted securities on issue the appropriate disclosure of earnings per security for the pro forma Merged Group FY15 would be:
  - Underlying earnings per security 7.6 cents
  - Statutory earnings per security (20.9) cents

- To be consistent with the pro forma assumption for the Merged Group for the period 1 July 2015 to 30 June 2016 an appropriate assumption in calculating the underlying profit attributable to Aspen Group security holders would exclude profit entitlements to non-controlling interests for the period from 1 July 2015 to 21 December 2015.
- In our view this assumption meets the obligations under AASB 133 Earnings per share and more specifically the obligations under RG 230.71.
- In our opinion based upon consistent assumptions as to the determination of the underlying profit attributable to Aspen Group securityholders the appropriate disclosure of forecast earnings per security for the pro forma Merged Group FY16 would be:
  - Underlying earnings per security 10.6 cents

Background

An Explanatory memorandum - Proposal for the merger of Aspen Parks Property Fund dated 3 November 2015 ('**EM**') issued by Aspen Group ('APZ') and Aspen Parks Property Fund ('APPF').

By letter dated 10 November 2015 Mr Byron Koster of Johnston Winter Slattery ('**JWS**') wrote to Mr Tom Story, Allens, and Mr Brian Murphy, King & Wood Mallesons ('KWM') ('**the JWS Letter**')concerning the EM.

The JWS letter notes:

> *a number of accounting matters (on which it appears the "independent expert" KPMG Corporate Finance (KPMG) relied in putting forward its valuation of Merged Group Securities) which appear to be incorrect and require clarification;*

The JWS letter notes significant accounting inconsistencies requiring clarification concerning the Table as section 8.6.3 of the EM ('**Table 8.6.3 disclosure**'):

> *The table in section 8.6.3 calculates Merged Group pro forma earnings per security based on the "weighted number" of securities on issue. (We note that "weighted number" is not explained.)*
>
> *Please explain why "total securities outstanding" (a larger number) has not been used to calculate pro forma earnings per security, particularly given that the numbers represent pro forma "full year" earnings.*

The JWS letter notes significant accounting inconsistencies requiring clarification concerning the Table as section 8.7.2 of the EM ('**Table 8.7.2 Disclosure**'):

> *(a) The notes in section 8.7.1 state that the 2016 earnings forecast for the Merged Group comprises "pro forma adjustments reflecting impacts arising from implementation of the Merger on 22 December 2015." Despite that the full year "non-controlling interest" of \$6,114k has been added back, which increases the Merged Group pro forma 2016 earnings to \$16,560k (underlying profit) and \$13,022k (statutory profit).*
>
> *Please explain the basis on which the full year non-controlling interest figure was added back.*

Reference to Accounting Standards ('AASB'), Regulatory Guidelines ('RG") and Interpretations

In providing our advice, reference has been made to:

- AASB 133 Earnings per share 20 June 2013
- AASB 101 Presentation of Financial Statements 20 June 2012
- RG 228 Prospectuses: Effective disclosure for retail investors November 2011
- RG 230 Disclosing non-IFRS information 9 December 2011

AASB 133 Earnings per share includes the following statements relevant to our analysis:

> *Basic Earnings per Share*
>
> *10 Basic earnings per share shall be calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity (the numerator) by the weighted average number of ordinary shares outstanding (the denominator) during the period.*
>
> *11 The objective of basic earnings per share information is to provide a measure of the interests of each ordinary share of a parent entity in the performance of the entity over the reporting period.*
>
> *Earnings*
>
> *12 For the purpose of calculating basic earnings per share, the amounts attributable to ordinary equity holders of the parent entity in respect of:*
>
> *(a) profit or loss from continuing operations attributable to the parent entity; and*

(b) *profit or loss attributable to the parent entity*

shall be the amounts in (a) and (b) adjusted for the after-tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity.

13 *All items of income and expense attributable to ordinary equity holders of the parent entity that are recognised in a period, including tax expense and dividends on preference shares classified as liabilities, are included in the determination of profit or loss for the period attributable to ordinary equity holders of the parent entity (see AASB 101).*

Shares

19 *For the purpose of calculating basic earnings per share, the number of ordinary shares shall be the weighted average number of ordinary shares outstanding during the period.*

20 *Using the weighted average number of ordinary shares outstanding during the period reflects the possibility that the amount of shareholders' capital varied during the period as a result of a larger or smaller number of shares being outstanding at any time. The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares bought back or issued during the period multiplied by a time-weighting factor. The time weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period; a reasonable approximation of the weighted average is adequate in many circumstances.*

RG 230 Disclosing non-IFRS information includes the following statements relevant to our analysis:

RG230.71 *Pro Forma financial information should be represented in accordance with the recognition and measurement requirements of accounting standards, subject to assumptions relevant to the notional acquisition and combination of the entities.*

RG 230.72 *There is potential for pro forma financial information to be misleading, particularly if there is no disclosure, or inadequate disclosure, of the basis of its preparation of the differences between it and corresponding IFRS financial information.*

BDO

Application of Accounting Standards (AASB) and Interpretations

Table 8.6.3. Disclosure

Section 8.6.3 is entitled Merged Group pro forma consolidated income statement for the year ended 30 June 2015 ('**FY15**').

The table in section 8.6.3 of the EM includes the following disclosure:

	APPF	Aspen Group	Pro forma adjustments	Merged Group pro forma
	FY15 $'000	FY15 $'000	FY15 $'000	FY15 $'000
Earnings per security (EPS) attributable to ordinary equity holders of the parent from continuing operations				
Weighted securities on issue ('000)	216,938	113,161		128,912
Underlying earnings per security (cents)	2.2	7.1		8.5
Statutory earnings per security (cents)	(2.3)	(20.7)		(23.4)
Distributions per security (cents)	4.0	9.0		9.0

The description of the pro forma adjustments of the Merged Group is as set out below:

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).

For consistency with the EM we have used the term underlying profit, however, this may not be allowable under RG230.

The determination and disclosure of earnings per security are set out in AASB 133 Earnings per share and we have extracted above relevant paragraphs for basic earnings per share, earnings and shares.

The Pro Forma reflects the consolidated results for the Merged Group for the period 1 July 2014 to 30 June 2015 and the following earnings used as numerators in calculating basic earnings per security are extracted below:

Underlying profit attributable to Aspen Group securityholders	$11,000,000
Statutory net profit attributable to Aspen Group securityholders	($30,104,000)

The Pro Forma reflects the consolidated results of the Merged Group for the period 1 July 2014 to 30 June 2015 and the number of securities used as the denominator in calculating basic earnings per security is extracted below:

Weighted securities on issue	128,912,000

The financial statements included in the Annual Report for APZ for the year ended 30 June 2015 at note 15 discloses the following shares used as denominators in calculating basic earnings per share is extracted below:

Basic weighted average number of stapled securities	114,864,000

The pro form adjustment to securities on issue indicated in the table at section 8.4.3 of the EM discloses the following adjustment to securities used as the denominator in the calculation of basic earnings per security is extracted below:

Securities on issue	28,969,000

To be consistent with the earnings numerators for the Merged Group for the period 1 July 2014 to 30 June 2015 an appropriate assumption in calculating the weighted average securities on issue would be to assume that the securities issued by APZ as a result of the proposed Merger of APZ and APPF (**'Merger Securities'**) are issued on 1 July 2014.

In our view this assumption meets the obligations under AASB 133 Earnings per share and more specifically the obligations under RG 230.71.

Based upon this assumption the determination of the weighted securities on issue is calculated upon the Aspen Group security holders and the Merger Securities being in place all of FY15.

Based upon this assumption we have calculated the denominator for determining the pro forma earnings per security attributable to ordinary equity holders of the parent from continuing operations for **FY15** as follows:

Basic weighted average number of stapled securities	114,864,000
Merger securities	28,969,000
Weighted securities on issue	**143,833,000**

We have calculated pro forma earnings per security attributable to ordinary equity holders of the parent from continuing operations for **FY15** as follows:

Underlying profit attributable to Aspen Group securityholders	$11,000,000
Weighted securities on issue	143,833,000
Underlying earnings per security	7.6 cents

Statutory net profit attributable to Aspen Group securityholders	($30,104,000)
Weighted securities on issue	143,833,000
Statutory earnings per security	**(20.9) cents**

In our opinion based upon consistent assumptions as to the calculation of weighted securities on issue the appropriate disclosure of earnings per security for the pro forma Merged Group FY15 would be:

Underlying earnings per security	**7.6 cents**
Statutory earnings per security	**(20.9) cents**

BDO

Table 8.7.2 Disclosure

Section 8.7.2 is entitled Consolidated earnings forecast for the year ended 30 June 2016 ('**FY16**'). The Merged Group pro forma consolidated earnings forecast for FY16 assumes the Merger has been implemented on 22 December 2015 and comprises:

- APPF's earnings forecast for the year ended 30 June 2016;
- Aspen Group's earnings for the year ending 30 June 2016; and
- Pro forma adjustments reflecting impacts arising from the Merger on 22 December 2015.

The table in section 8.7.2 of the EM includes the following disclosure:

	APPF	Aspen Group	Pro forma adjustments	Merged Group pro forma
	FY16	FY16	FY16	FY16
	$'000	$'000	$'000	$'000
Earnings per security (EPS) attributable to ordinary equity holders (cents)				
Total securities outstanding	232,636	113,161		142,130
Weighted securities on issue	225,013	113,161		128,912
Underlying earnings per security (cents)	4.7	8.2		12.8

The description of the pro forma adjustments of the Merged Group is as set out below:

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 $40.5 million;
  - The transaction costs of $4.8 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.

The determination and disclosure of earnings per security are set out in AASB 133 Earnings per share and we have extracted above relevant paragraphs for basic earnings per share, earnings and shares.

The Pro Forma reflects the consolidated results for the Merged Group for FY16 and the following earnings used as numerators in calculating basic earnings per security are extracted below:

Underlying profit attributable to Aspen Group securityholders $16,560,000

The Pro Forma reflects the consolidated results of the Merged Group for FY16 and the number of securities used as the denominator in calculating basic earnings per security is extracted below:

Weighted securities on issue	128,912,000

We have assumed that this calculation of weighted securities on issue for is correct.

One of the pro form adjustments to underlying profit attributable to Aspen Group security holders indicated in the table at section 8.7.2 of the EM is extracted below:

Non-controlling interest	$6,114,000

This adjustment appears to represent the full year share of underlying profit for the non-controlling interests in APPF. This has the effect of allocating the underlying profits of APPF for the period from 1 July 2015 to 21 December 2015 to the Aspen Group Security Holders.

To be consistent with the pro forma assumption of the Merged Group for the period 1 July 2015 to 30 June 2016 an appropriate assumption in calculating the underlying profit attributable to Aspen Group security holders would exclude profit entitlements to non-controlling interests for the period from 1 July 2015 to 21 December 2015.

In our view this assumption meets the obligations under AASB 133 Earnings per share and more specifically the obligations under RG 230.71.

Based upon a pro forma adjustment of $6,114,000 for the entire period we would remove the proportion relating to 174 days of the period and calculate the pro forma adjustment as follows:

Non-controlling interest	$2,915,000

Based upon this assumption we have calculated the numerator for determining the pro forma earnings per security attributable to ordinary equity holders of the parent from continuing operations for FY15 as follows:

Underlying profit attributable to Aspen Group Security Holders	$16,560,000
Non-controlling interest adjustment (174 days)	(2,915,000)
Underlying profit attributable to Aspen Group Security Holders	**$13,645,000**

We have calculated pro forma earnings per security attributable to ordinary equity holders of the parent from continuing operations for FY15 as follows:

Underlying profit attributable to Aspen Group securityholders	$13,645,000
Weighted securities on issue	128,912,000
Underlying earnings per security	10.6 cents

In our opinion based upon the consistent assumptions as to the determination of underlying profit attributable to Aspen Group securityholders the appropriate disclosure of forecast earnings per security for the pro forma Merged Group FY16 would be:

Underlying earnings per security	**10.6 cents**

Restrictions on use of our advice and our responsibility

Whilst our letter contains advice and recommendations, the ultimate responsibility for the determination of the appropriate accounting treatment rests with the directors of APZ and APPF.

We suggest that Discovery raise their concerns regarding the appropriate accounting treatment with ASIC or the Takeover Panel concerning the obligations of the directors of APZ and APPF under paragraphs RG 230.71 and RG 230.72.

This letter of advice is intended for the sole use of the management and directors of Discovery for the purpose of evaluating the appropriate accounting treatment of Table 8.6.3 Disclosure and Table 8.7.2 Disclosure included in the EM. It should be used in accordance with the terms set out in our Engagement letter.

We do not accept responsibility to any party other than Discovery for our work or our advice. Neither BDO, nor any member or employee of BDO undertakes responsibility arising in any way whatsoever to any persons other than in respect of this letter, for any errors or omissions herein, arising through negligence or otherwise however caused.

Our advice constitutes accounting advice and not taxation or legal advice.

We believe that the statements made by us in this letter are accurate based solely on the facts provided to us and the assumptions we have been asked to make as described above, but no warranty of accuracy or reliability is given. Should the facts, assumptions or circumstances differ from those provided to us, our conclusions may change. Our conclusions are based on interpretations of accounting standards and other relevant professional pronouncements and legislation current as at November 2015. Should the interpretations or accounting standards, other relevant professional pronouncements or legislation change, our conclusions may not be valid. The application of this opinion to a particular organisation may not be appropriate as it does not deal with the facts or circumstances of that organisation or the manner in which the hypothetical transaction will be applied.

This letter is not to be used for any purpose other than those specified herein, nor may extracts or quotations be made without our express written approval.

Should you have any questions concerning the above, or wish to discuss the matter further please do not hesitate to contact me.

Yours sincerely

BDO Corporate Finance (SA) Pty Ltd

David Fechner
Director