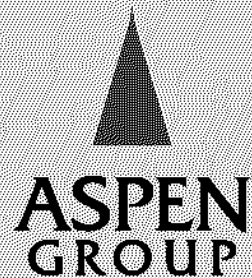


# Aspen Diversified Property Fund

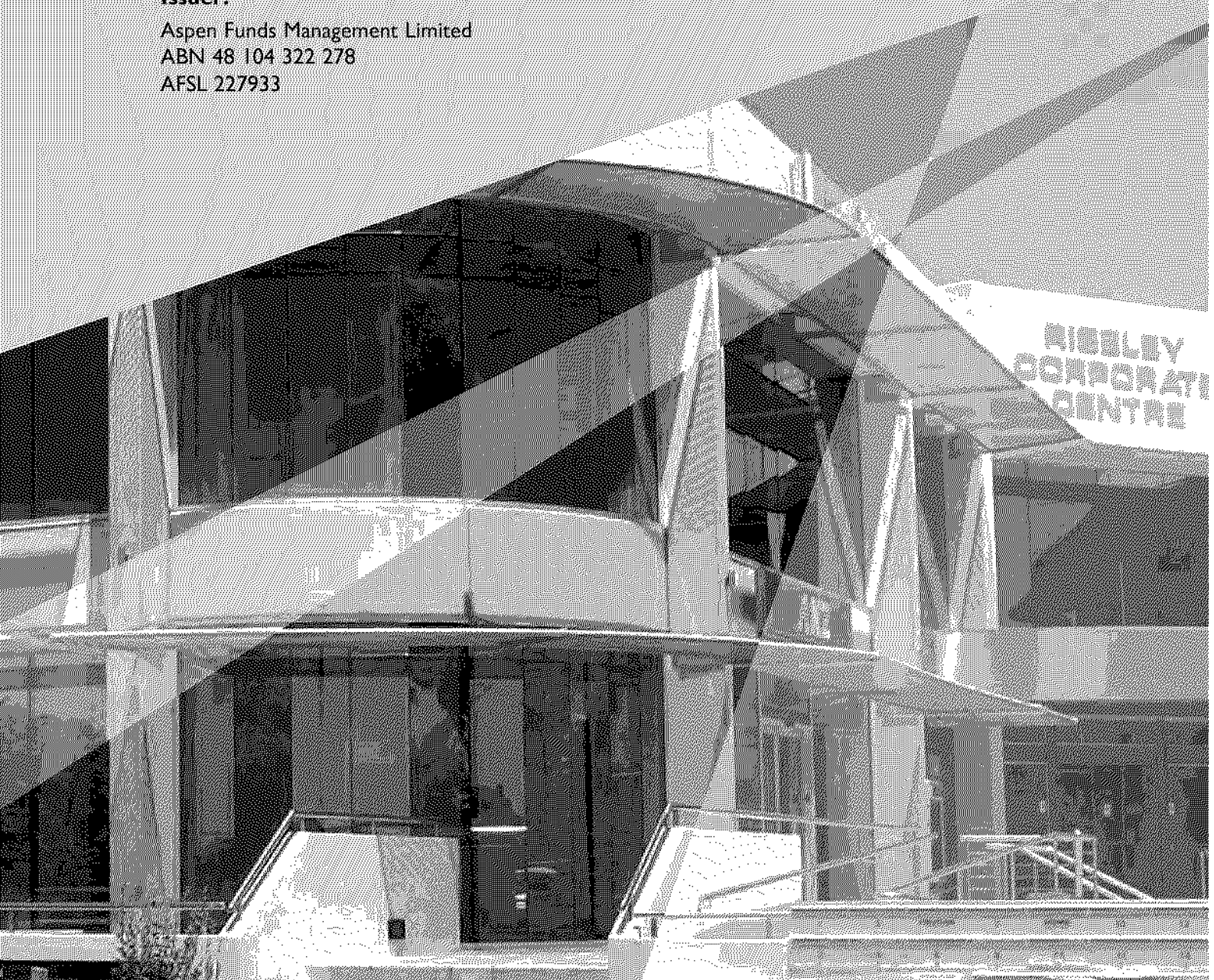
ARSN 113 493 039

## Product Disclosure Statement



### Issuer:

Aspen Funds Management Limited  
ABN 48 104 322 278  
AFSL 227933



*"creating wealth through intelligent property investment"*

## Important Notices:

### PDS

This Product Disclosure Statement ("PDS") is dated 11 April 2005. The PDS relates to the offer of Units in the Aspen Diversified Property Fund ("ADPF") by Aspen Funds Management (AFM) the Responsible Entity of ADPF. AFM is the issuer of the document.

No person involved in producing this PDS (including AFM, Aspen Group, its directors or advisers) or the Custodian guarantees the performance of the Units in this Fund, the repayment of capital or income return.

This document may be accessed at [www.aspengroup.com.au](http://www.aspengroup.com.au). If an Investor who is an Australian resident has received the document electronically, AFM will provide a paper copy and attached application form free of charge upon request, by telephoning 08 9220 8400 or freecall 1800 220 840 or email [homemail@aspengroup.com.au](mailto:homemail@aspengroup.com.au), during the offer period.

This offer is only open to persons receiving this PDS in Australia

### Disclaimer

Prior to deciding to invest, potential investors should read this document in its entirety and consider risk factors that could affect the performance of ADPF. Prospective investors should note the PDS has not been prepared with the objectives, financial situation or particular needs of any particular person or class of persons in mind. As such, the directors of AFM recommend that prospective investors obtain independent advice from an appropriately qualified person(s) in relation to any proposed investment to be made pursuant to this PDS.

### Up-to-date information

Information contained in this PDS (and any supplementary PDS) may change from time to time. If the change will be materially adverse, then in accordance with the Corporations Act we will issue a supplementary PDS.

However, if the change will not be materially adverse to the Offer, a supplementary PDS may not be issued.

Updated information that is not materially adverse may be published on our website at

[www.aspengroup.com.au](http://www.aspengroup.com.au) and upon request a paper copy will be provided free of charge.

### Master Trust/Wrap Accounts

AFM authorises the use of this PDS as disclosure to investors who access the Fund through an IDPS or IDPS-like scheme (known commonly as a master trust or wrap account) or a nominee or custody service, and investors may rely on this document.

People who invest in the Fund through a master trust or wrap account do not become direct investors.

The operator or custodian of the master trust or wrap account will be recorded as the investor and will be the person who exercises the rights and receives the benefits of an investor, including any reports and documentation relating to the Fund.

Investors utilising these services should be aware that different fees and charges may apply, different arrangements for the application and transfer of units, and the distribution calculation and timing may apply.

Investors should contact their adviser or the operator of the master trust and wrap account with any queries relating to an investment in the Fund using these services.

### Glossary

A glossary is provided in section 11 to clarify the meaning of key terms used in this PDS.

# Key Features

- Investment opportunity in a diversified commercial property portfolio
- Forecast income distribution of 8.75% for first two years
- Income paid monthly
- Tax-deferred income distributions of 71% in year one and 76% in year two
- Capital growth potential
- Suitable for private investors, and superannuation funds (including SMSF)
- Open-ended investment fund enabling further acquisition of properties
- Experienced management team with track record in property investment
- Liquidity facility provided by ASX-listed Aspen Group (ASX code: APZ)
- \$10,000 minimum investment
- Minimum Subscription of \$15,500,000 underwritten by Aspen Group
- Aspen Group to co-invest in the Fund



## Contents

Section 1	Investment Overview	4
Section 2	Details of the Offer	7
Section 3	Investment Strategy	9
Section 4	Description of Properties	11
Section 5	Financial Information	17
Section 6	Investment Considerations and Risks	24
Section 7	The Manager	27
Section 8	Fees and Expenses	29
Section 9	Experts' Reports	31
Section 10	Additional Information	52
Section 11	Glossary	59
Section 12	Frequently Asked Questions	60
Section 13	Application Details	61

## KEY DATES

Opening Date for Initial Offer Unit Applications	11 April 2005
Anticipated Allotment Date for Initial Offer Units	30 June 2005
Settlement Date for Initial Properties	30 June 2005
Despatch of Unitholder Statements for Initial Offer Units	1 July 2005
First Distribution Payment	31 August 2005

The Key Dates are indicative only. The Manager reserves the right to bring forward or to extend the closing date for the Initial Offer Unit Applications (as the case may be) without prior notice.

# Letter to Investors

## Dear Investor

On behalf of Aspen Funds Management Ltd (AFM), it is my pleasure to invite you to participate in a commercial property-based investment to be known as the Aspen Diversified Property Fund ("ADPF").



ADPF will invest in quality commercial properties generally in the range of \$5 million to \$30 million in value. Commercial properties in this range are typically overlooked by the larger institutional investors while also being out of the reach of most individual property investors. These properties however, have the potential to generate strong returns and thus provide an attractive investment opportunity for a variety of investors.

AFM is a subsidiary of Aspen Group, an ASX-listed property investment and management group. Aspen Group was established in 2002 and as at 31 March 2005 had over \$200 million in property assets under management. This growth demonstrates our ability to identify and acquire quality income producing property. Included within this is the successful Aspen Parks Property Fund, launched in 2004 and to date has funded the purchase of eight tourist parks for a total value of \$43 million.

The ability of AFM to source quality properties coupled with a skilled property management team, should enable the Fund to deliver attractive returns to investors while providing the security of a property-backed investment.


An investment in ADPF offers Investors the following benefits:

- Forecast yield of 8.75% per annum in years 1 and 2, paid monthly;
- Income distributions with an estimated tax deferral of 71% in year 1 and 76% in year 2;
- Potential for capital growth through the appreciation of the portfolio's value;
- Diversification across a number of properties and property types;
- The opportunity to add to your investment in ADPF over time;
- Aspen Group has underwritten the minimum subscription; and
- Co-investment by Aspen Group who will invest in 15% of the minimum subscription of the Fund.

It is important that you read the PDS carefully in its entirety, including Section 6 "Investment Considerations and Risks" relating to this investment, before making your decision to invest. Please feel free to seek your own financial advice if necessary.

Please submit your application form as soon as possible to ensure you do not miss the opportunity to participate in the Initial Offer Units in this Fund. If you require assistance regarding this offer, please call Aspen Funds Management on 08 9220 8400.

Yours faithfully

A handwritten signature in black ink, appearing to read "A. Del Borrello".

**Angelo Del Borrello**  
Managing Director

# Section I

## Investment Overview

This PDS provides investors with an opportunity to apply for Units in ADPF. The principal objective of ADPF is to acquire the Initial Properties and over the next seven years expand the size of the portfolio of commercial properties to approximately \$250 million.

ADPF has secured five quality properties to commence the Fund providing a solid base on which the Fund can grow. The attraction for investors will be a stable income distribution, paid monthly, plus potential for income and capital growth through the active management of the portfolio assets.

### 1.1 An Opportunity for Investors

Commercial property continues to provide investors with attractive long-term investment opportunities. Whether it be office buildings, retail centres or warehouses, the investment portfolios and superannuation funds of many investors have benefited from the sound performance of commercial property. The creation of ADPF provides an opportunity for all investors to participate in the returns produced by well-located and well-managed commercial properties.

The ADPF will be an unlisted property trust. For many years property trusts have provided investors with the ability to participate in the ownership of commercial property. At the end of 2004 the Australian unlisted property trust market had assets of approximately \$11.5 billion, an indication of the popularity of this sector.

The Manager forecasts investors will receive a minimum distribution of 8.75% per annum for the first two years. In addition, potential exists for both income and capital growth, due to the sound location of the portfolio properties and the input of active property management which will ensure each property realises its full potential. In providing these forecasts neither the Manager, the Custodian or their directors guarantee returns from the Fund.

### 1.2 Suitable Investors

This investment is suitable for prudent investors seeking a long-term investment with regular income distributions and the potential for capital growth. It may be suitable for individual investors, self-managed superannuation funds, corporate superannuation funds and institutional investors.

### 1.3 Responsible Entity

The Manager of ADPF is Aspen Funds Management Ltd ("AFM"). AFM is a wholly owned entity of Aspen Group ("Aspen"), a property investment and management group listed on the Australian Stock Exchange with assets under management in excess of \$200 million. AFM is the holder of an Australian Financial Services Licence issued by ASIC and will act as the Responsible Entity of ADPF. Further details on AFM and Aspen are provided in Section 7.

### 1.4 Initial Properties

The Initial Offer seeks to raise an amount of \$19,000,000 which will assist with the acquisition of the Initial Properties, as described below. The settlement date for each property is on or about 30 June 2005.

Abernethy Park	Kewdale, WA	\$10.05 m
Champion Drive Shopping Centre	Armadale, WA	\$ 7.60 m
Riseley Corporate Centre	Booragoon, WA	\$ 7.30 m
Midland Cinema Complex	Midvale, WA	\$ 6.15 m
Cardno BSD Centre	Subiaco, WA	\$ 5.00 m
<b>Total Purchase Price</b>		<b>\$36.10 m</b>

Note: The proposed acquisition of Champion Drive Shopping Centre and Midland Cinema Complex from Aspen Group Limited are both subject to Aspen shareholders approving the terms of sale at an extraordinary general meeting of Aspen shareholders to be held prior to the settlement date.

## 1.5 Underwriting

Aspen will act as underwriter to the Offer, guaranteeing that the minimum amount required to be raised under the Initial Offer will be achieved.

Aspen will receive a fee of 2% of the minimum subscription amount for acting as the Underwriter to the Initial Offer.

## 1.6 Future Property Acquisitions

The ADPF investment strategy includes increasing the Fund size through acquisition of Additional Properties. AFM will seek Additional Properties via its networks around Australia that fit within the criteria established for the Fund. Additional Properties will be acquired in line with the Fund's investment strategy as described in Section 3.2. The process the Manager intends to use to select Additional Properties is set out in Section 10.3.

The purchase of Additional Properties is likely to require additional funds to be raised through equity, debt or a combination of both. This PDS allows the Fund to accept oversubscriptions to reduce gearing levels or make provision for the purchase of Additional Properties. AFM may also issue subsequent Product Disclosure Statements offering Units in ADPF to facilitate the raising of additional equity. Unitholders may be invited to participate in future equity raisings but will not be obliged to participate.

During the currency of this PDS the Manager will make available on the Aspen Group website information relating to the properties held by the Fund and any Additional Properties under contract.

## 1.7 Borrowings

A loan facility agreement will be entered into with a major financial institution to assist in the purchase of the Initial Properties or subsequent investments. Based on applications being received from investors for an amount of \$19,000,000, the resulting initial gearing level will be 55%. Where the application amount is different, the gearing level will change. Refer to the sensitivity analysis in Section 5.2 which provides details of the financial impact of this change.

The loan facility will be secured by a first ranking mortgage or charge over the assets of the Fund. There is no recourse to the Unitholders in ADPF for any amounts owing by ADPF.

The Constitution authorises the Manager to borrow or raise money whether or not secured over the assets of the Fund.

Further details of the proposed borrowing facilities are provided in Section 10.1.8.





## 1.8 Forecast Returns

The Fund will aim to distribute net income to investors to achieve a minimum annualised yield of 8.75% for years one and two in accordance with the forecasts in Section 5 of the PDS. Distributions are to be paid monthly, thirty days from the end of the month. Distributions are forecast to include a tax deferred component as detailed in Section 1.9.

The forecast distribution is based on the income expected to be derived from the Initial Properties, inclusive of rental guarantees. Future property acquisitions, changes in interest rates, the level of gearing and other risk factors may influence the actual yield or tax-deferred component.

Through active property management and increase in general rental income, the Manager will aim to increase the value of each property leading to capital appreciation in the value of Units in ADPF.

A summary of forecast returns is as follows:

	30/6/06	30/6/07
Distribution (cents per unit)	8.75	8.75
Distribution yield based on issue price of Initial Units	8.75%	8.75%
Tax Deferred component (expected)	71%	76%

## 1.9 Tax Benefits

Tax benefits arise through the availability of allowances for costs relating to raising equity funds and construction costs of buildings, fixtures and fittings, and plant and equipment. Due to the trust structure of ADPF it is possible to pass these benefits to Unitholders (that hold Units at the relevant distribution date) and will be outlined in an annual taxation statement. Further details on taxation matters are provided for investors in Section 5.3.

## 1.10 Risks

As with any investment there are risks associated with an investment in ADPF. Please refer to Section 6 for a discussion of the specific and general risks associated with an investment in ADPF.

## 1.11 Term

ADPF is an open-ended unlisted unit trust. There is no fixed term for the Fund however it is the Manager's intention to consider alternatives for the Fund seven years from the commencement date of the trust. Section 2.8 contains further details of the investment term.

## 1.12 Liquidity

ADPF will be an unlisted investment, and will not initially seek to be listed on any stock exchange. As the assets of the Fund are commercial property which can not be easily liquidated, there is no right to redeem Units in the Fund.

To assist Unitholders who may need to liquidate their investment early, AFM has entered into an agreement with Aspen to provide a limited liquidity facility for Unitholders. Section 10 provides details of this arrangement.

Where permitted by the Corporations Act, AFM may maintain a register of investors who wish to sell their Units and match those investors with prospective buyers.

## 1.13 Co-investment from Aspen Group

To demonstrate its confidence and support in ADPF, Aspen will subscribe for a cornerstone investment of 15% of the minimum subscription amount.

# Section 2

## Details of the Offer

### 2.1 The Initial Offer

The Manager is seeking to raise an amount of \$19,000,000 through the issue of 19,000,000 Units in ADPF at \$1.00 per Unit in order to acquire the Initial Properties.

Applications are invited from investors for Initial Offer Units in multiples of \$10,000 with a minimum application of \$10,000.

All application monies are payable in full on application and will be held in trust until required for the settlement of the Initial Properties or other acquisitions.

All applications must be made on the application form attached to the PDS.

The Fund will also remain open to raise additional amounts to fund the acquisition of Additional Properties or reduce the Fund's borrowing levels. Application monies received in excess of \$19,000,000 may be held in trust until Additional Properties are acquired. Pending the issue of Units, investors will receive a competitive interest rate on their money.

### 2.2 Opening and Closing Dates for Initial Offer

The PDS opens for applications on 11 April 2005.

Applications for Initial Offer Units will be accepted up until 30 June 2005, or where an amount of \$19,000,000 has been received whichever is the earlier. Investors should therefore send in their applications as soon as possible to avoid exclusion from this offer.

Amounts received over \$19,000,000 may be held in a cash management trust until Additional Properties have been purchased. Investors will receive interest at the rate of 5.00% per annum while their funds are held in cash.

The anticipated allotment date for Initial Offer Units is 30 June 2005 however the date may be changed at the discretion of the Manager if the minimum subscription amount of \$15,500,000 has not been reached by this date. For further information regarding minimum subscription refer to Section 2.3.

### 2.3 Minimum Subscription

The minimum amount required to ensure that the acquisition of the Initial Properties are completed is \$15,500,000. Should applications only reach the minimum level this would impact the forecast return of the Fund. Potential investors are referred to the sensitivity analysis in Section 5.3 for further details. The minimum subscription amount is underwritten by Aspen Group as per the underwriting agreement summarised in Section 10.1.2.

### 2.4 Financial Summary of Offer

Source of Funds	\$000's
Equity to be raised under this offer	\$19,000
Debt funding	\$21,481
<b>Total</b>	<b>\$40,481</b>
Application of Funds	
Acquisition of assets	\$36,100
Stamp duty	\$1,926
Acquisition fees	\$1,083
Equity raising costs	\$512
Borrowing costs	\$116
Working capital	\$658
Other acquisition costs	\$86
<b>Total</b>	<b>\$40,481</b>

Where an amount of less than \$19,000,000 is raised the above amounts are subject to change.

“8.75% p.a. forecast  
distribution paid  
monthly”

**The following information applies to Initial Offer Units and the subsequent offer of Units.**

## **2.5 How to Apply**

An investment for Units in ADPF must be made on the application form accompanying this PDS, or printed from the electronic version of the PDS. A cheque for the application amount should accompany your application.

Investors should follow the instructions contained in the PDS on how to complete the application form.

## **2.6 Unit Pricing of Subsequent Applications**

Following the allotment of Initial Offer Units in the Fund, the Manager may continue to accept applications for Units in accordance with this PDS. The issue price for Units will be the next price determined by the Manager, in accordance with the Constitution, after an application has been accepted. The unit price will generally be determined on a monthly basis.

The Constitution specifies that the issue price will reflect the net asset value of the Fund plus applicable transaction costs and any amount due in respect of partly paid Units divided by the number of Units on issue, however, subject to the Corporations Act and any applicable ASIC relief the Manager may increase the unit price in circumstances where the Manager considers the expected yield is greater than prevailing market expectations.

The Manager will publish on Aspen's website full details of an intention to apply a unit price that exceeds the standard issue price determined in accordance with the Constitution.

## **2.7 Interest on Application Monies**

All application monies will be placed in an interest bearing trust account. Investors will earn interest at a rate of 5.00% per annum calculated on a daily basis. Interest will accrue from the day an application is received until the day the funds are required for the acquisition of the Initial or Additional Properties. Interest will be paid with the first distribution payment, or paid quarterly where application monies have been held for longer than three months.

## **2.8 Term of Investment**

ADPF has been established as an open-ended investment, and, as such has no expiry date. Within seven years of the date of the purchase of the Initial Properties, ADPF intends to convene a meeting of Unitholders to consider resolutions relating to the continuation of ADPF. Such resolutions may relate to:

- ° Applying for ADPF to be listed on the ASX;
- ° Continuation of the Fund for a further period; or
- ° Sale of the individual assets and termination of ADPF.

ADPF will be entitled to dispose of individual assets at any time, and to reinvest those assets in Additional Properties where the Manager believes it is in the best interests of the Unitholders in ADPF.

## **2.9 Aspen Group Liquidity Facility**

There is no guaranteed redemption of Units by ADPF, however Aspen has agreed to provide a liquidity facility for investors. This facility will commence on the allotment of Units under this PDS. Aspen will commit to purchasing as a minimum, \$250,000 worth of Units at the close of each calendar quarter for requests received during that quarter. The price at which Units will be purchased will be determined in the same manner as specified in the Constitution for Unit redemptions less 5%. Unless a Unitholding is greater than \$250,000 a request for purchase of Units must be for a Unitholder's total holding.

Aspen may review the level of liquidity commitment upwards as the size of the Fund grows, with the facility initially limited to 15% of the total Units on issue in the Fund. Aspen has the right to increase this limit at anytime.

Further information on the agreement between Aspen and ADPF is provided in Section 10.

## **2.10 No Cooling Off Period**

There is no "cooling off" period in relation to the issue of Units under this PDS due to the illiquid nature of the assets to be acquired. Therefore, as Units are issued in ADPF, the Fund is under no obligation to accept a request to withdraw an application once received.

Applicants may request the return of their application monies while they are held in cash pending the acquisition of Additional Properties.

# Section 3

## Investment Strategy

**AFM believes direct investment into commercial property plays an important role in the construction of a balanced investment portfolio, based on an attractive income yield and potential for capital growth. At present within Australia, commercial property generally provides a yield in excess of bonds and the All Ordinaries index, making for an attractive investment opportunity.**

**ADPF provides an opportunity for investors with as little as \$10,000 to gain exposure to the direct commercial property market.**

### 3.1 Advantages of Investing in ADPF

At the core of the investment strategy are a number of key attributes of AFM, that can be exploited for the benefit of ADPF and subsequently its Unitholders. These benefits are discussed below.

#### Market Access

AFM will seek to acquire properties that may be overlooked by larger property funds, or properties identified through its own sources that are not otherwise available to the broader market.

#### Active Property Management

Aspen believes investment returns can be enhanced through intelligent asset management. AFM directors and management bring over 30 years experience in property asset management and commercial property leasing. Where property management is outsourced, AFM works closely with the Property Manager to ensure all opportunities that maximise the return from the property are explored. This may include actively reviewing the tenancy profile and lease profile, marketability of the property and identifying measures to reduce outgoings.

#### Diversification

One of AFM's key investment principles is diversification. AFM believes that by combining a range of properties of different types (principally office, retail and industrial) and locations, and with multiple tenants, investment risk can be reduced.

#### Stable Cash Flow

From an investment perspective, commercial property can provide consistent income over a period of time, making it an attractive investment option for inclusion into a portfolio. Having a number of properties, the Fund's income is diversified over many tenants, with many different expiry dates, reducing the risk of reliance on any one tenant. At the same time, there are a number of key tenants who are substantial companies that underpin the security of the Fund's income.

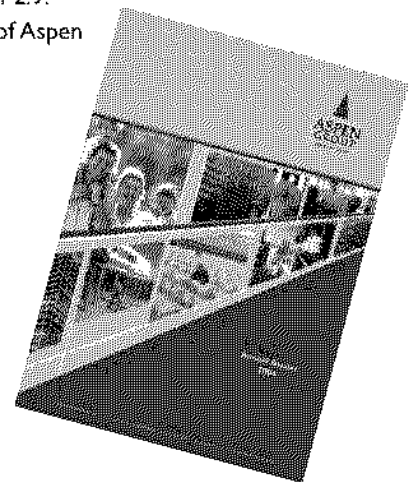
#### Trust Structure

ADPF is established as a unit trust, which results in all income and additional tax benefits flowing directly through to Unitholders. Therefore the income tax payable on distributions will be determined by the Unitholder's own marginal taxation rate, which for many, including superannuation funds and retirees, may be lower than company tax rates.

#### Parent Company Backing

AFM is a wholly owned subsidiary of Aspen Group, a property investment and management company with assets in excess of \$200 million. The financial strength of Aspen allows the Group to invest in Funds which are managed by AFM. Demonstrating Aspen's confidence in the Fund, Aspen will subscribe for 15% of the minimum subscription amount. In addition, Aspen is providing a liquidity facility as described in Section 2.9.

The financial support of Aspen is an added feature of the Fund.



### 3.2 Acquisition of Additional Properties

The acquisition of Additional Properties may be undertaken by AFM at any time. Such acquisitions will be in line with the investment strategy as established for the Fund, that is, targeting commercial properties typically in the range of \$5 million to \$30 million in value in the office, retail and industrial sectors.

The process the Manager intends to use to select Additional Properties is set out in Section 10.3.

In order to acquire further properties the Fund will seek to raise additional equity under this PDS, or may issue a subsequent PDS. Unitholders will be invited to participate in future equity raising but will not be obliged to accept the invitation.

ADPF may also raise additional debt funding to assist such acquisitions and will do so within the gearing policy as detailed in Section 3.3.

During the currency of this PDS the Manager will make available on the Aspen Group website information relating to the properties held by the Fund and any Additional Properties under contract.

### 3.3 Gearing

ADPF may borrow sufficient funds to allow it to purchase the Initial Properties. It is the intention of AFM to borrow funds where it is of benefit to Unitholders to do so, however, borrowings may fluctuate from time to time due to the level of Investor applications, and cost of property acquisitions.

The initial expected level of gearing (being the ratio of borrowings to equity), based on raising \$19,000,000 as per the offer of Initial Units under this PDS, is approximately 55%. It is intended to adopt a policy of limiting gearing to 65% of total assets. Refer to the sensitivity analysis in Section 5.2 for the impact on forecast returns based on different levels of gearing.



# Section 4

## Description of Properties

**ADPF will invest in a range of properties, providing diversification among property types, locations and tenants, reducing the investment risk of relying on any one property or tenant.**

### 4.1 Summary of Initial Properties

A brief summary of the Initial Properties to be acquired by ADPF including current valuation and income is set out below with a full description of each property detailed in the following pages.

Property	Location	Purchase Use	Purchase Price	<sup>(1)</sup> Forecast Net Income Year One p.a.	Yield %
Abernethy Park	Kewdale, WA	Industrial	\$10.05 m <sup>(2)</sup>	\$928,000	9.15%
Champion Drive Shopping Centre	Armadale, WA	Retail	\$ 7.60 m <sup>(3)</sup>	\$705,247	8.82%
Riseley Corporate Centre	Booragoon, WA	Office	\$ 7.30 m	\$655,185	8.97%
Midland Cinema Complex	Midvale, WA	Retail	\$ 6.15 m	\$623,764	10.14%
Cardno BSD Centre	Subiaco, WA	Office	\$ 5.00 m	\$457,000	9.14%
<b>Total</b>			<b>\$36.10 m</b>	<b>\$3,369,196</b>	<b>9.21% <sup>(4)</sup></b>

1 Includes rental guarantees and income in relation to the planned capital expenditure in notes 2 and 3.

2 In addition to the purchase price an allowance of \$95,000 has been made for committed capital expenditure in relation to a new lease agreement which will produce annual net income of \$145,000.

3 In addition to the purchase price, an allowance of \$400,000 has been made for committed capital expenditure in relation to construction of a fast food outlet which will produce annual net income of \$38,000.

4 Fund average including purchase price and capital expenditure as mentioned in notes 2 and 3.

### 4.2 Tenant Profile

In total there are presently 48 tenants across the portfolio from which the income is derived. The top six tenants are described below and account for just over 50% of the portfolio income as shown in the table below.

Tenant	Property	Lease Expiry	Portfolio Income %
<b>Ace Cinemas</b> Ace Cinemas is a family owned company with a 40-year history in the operation of drive-ins and movie theatres.	Midland Cinema	31/3/09	17%
<b>Cardno BSD</b> Cardno CSD is a consulting engineering company established over 60 years ago and now listed on the Australian Stock Exchange (ASX).	Cardno CSD Centre	1/10/11	10%
<b>Coles Supermarkets</b> Coles Supermarkets is a household name and part of the Coles Myer group.	Champion Drive	31/3/14	8%
<b>CMS Gas Transmission</b> CMS Gas Transmission is owned by the Australian Pipeline Trust, a major gas pipeline company in Australia which is also listed on the ASX.	Abernethy Park	30/9/06	5%
<b>Remote Control Technologies</b> Remote Control Technologies was established in the early 1970s and is recognised as a world leader in the development of products and solutions to improve safety in mobile mining, earthmoving and industrial equipment.	Abernethy Park	31/10/09	5%
<b>ANZ Bank</b> ANZ Bank is one of the big four banks in Australia, and one of the top 10 largest companies in Australia with assets of \$247 billion and listed on the ASX.	Riseley Centre	30/9/05	5%

### 4.3 Abernethy Park 511 Abernethy Road, Kewdale, Western Australia

ADPF will acquire Abernethy Park for a purchase price of \$10.05 million, and a commitment of \$95,000 for capital expenditure in relation to a recently completed leasing agreement.

Abernethy Park is a complex of ten single-storey quality office/showroom warehouses located approximately 8 kilometres south east of the Perth CBD in Kewdale, a highly sought after industrial precinct. The complex is ideally positioned on a prominent corner location, providing easy access to all arterial metropolitan routes, country and eastern states routes, and is the closest major industrial area to both domestic and international airports.

The total net lettable area is 11,061 square metres which is split into 3117.7 sq.m for the office/showroom component and 7,669.6 sq.m for the warehouse. In addition there are generous parking facilities with approximately 270 vehicle bays.

The building is fully occupied with eight tenants occupying the ten warehouses, providing good diversification of tenancy risk. The three biggest tenants include two ASX listed companies. Leases are between three and five years with a good spread of expiry dates. Most rental terms include a rent review of at least CPI annually.

Site Area	2.789 ha
Building Area	11,061 sq.m
Valuation	\$10.05 million
Date of Valuation	1 March 2005
Income Yield	9.15%*
Main Tenants	CMS Gas Transmissions Remote Control Technologies Dexion Australia
Lease Term	Average 3-5 years with options

\* The vendor will provide ADPF with a rent guarantee over vacant space for a period of one year from settlement.

\* In addition to the purchase price an allowance of \$95,000 has been made for committed capital expenditure in relation to a new lease agreement which will produce annual net income of \$145,000.



## 4.4 Champion Drive Shopping Centre Cnr Champion Drive and Seville Drive, Armadale, Western Australia

This property is to be acquired for a purchase price of \$7.6 million from Aspen Group Limited.

This property comprises a modern neighbourhood centre on 2.041 hectares of land surrounded by a growing residential area. Construction was completed in 1999 and comprises a supermarket leased to Coles Supermarkets, and 11 specialty shops which include tenants such as Liquorland, Australia Post, newsagency and pharmacy. The total net lettable area is 3,928 sq. m plus 330 car bays. In addition there is surplus land to expand the Coles Supermarkets and to enable construction of additional specialty shops. Construction will shortly commence on a stand-alone fast food outlet, of which a capital commitment of \$400,000 has been allowed for.

The presence of Coles Supermarkets provides the Fund with a blue chip tenant, with their existing lease not expiring until 2014. The contribution to total income by Coles Supermarkets is approximately 41%. The specialty shops have a good spread of expiry dates further diversifying the tenancy risks of the property.

Armadale is a well established regional suburb located approximately 24 kilometres south east of Perth. The area surrounding the property comprises both established and new residential housing, as well as some light industrial and is very accessible for the public. The ongoing nearby housing development and expansion of major arterial routes such as Tonkin Highway provide good scope for the centre to increase in popularity and patronage.

Site Area	2.041 hectares
Building Area	3,928 sq. m
Valuation	\$7,600,000
Date of Valuation	7 April 2005
Income Yield	8.82%*
Main Tenant	Coles Supermarkets
Lease Term	15 years from March 2003

\*The vendor has provided a rent guarantee over vacant space for a two year period.



## 4.5 Riseley Corporate Centre 135 Riseley Street, Booragoon, Western Australia

This property is to be acquired for a purchase price of \$7.3 million.

This modern office complex is situated approximately 10 kilometres south of Perth on the same site as Garden City Shopping Centre, a major sub-regional centre owned by AMP.

Constructed in 2001 the complex comprises 28 office suites on two levels, and is of a high quality. The proximity to the shopping centre makes the complex a very busy area and hence attractive to the type of tenants currently occupying space.

Total net lettable area is 1517 sq. m plus 65 car bays. The complex is presently 92% occupied with the main tenant ANZ Bank accounting for 23% of total rental income. Further emphasising the financial nature of the complex are tenancies held by Home Building Society, Police and Nurses Credit Society, and other financial services businesses. Both ANZ Bank and Home Building Society are ASX-listed companies. Leases are generally between three and five years with most having options to renew. Rental increases are generally annual to CPI.

Site Area	2,329 sq. m
Building Area	1,517 sq. m
Valuation	\$7.3 million
Date of Valuation	1 March 2005
Income Yield	8.97% *
Main Tenants	ANZ Home Building Society Police and Nurses Credit Society
Lease Term	Average 3 to 5 years

\*The vendor will provide ADPF with a rent guarantee over vacant space for a period of one year from settlement.



## 4.6 Midland Cinema Complex 181 Morrison Road, Midvale, Western Australia

This property is to be acquired for a purchase price of \$6.15 million from Aspen Group Limited.

This property comprises two strata lots and occupies a prominent site near the junction of Morrison Road and Roe Highway. Long term strategic value exists given it is only minutes from the Great Eastern Highway and Great Northern Highway, both prominent road routes close to both the domestic and international airports.

Improvements comprise a seven screen cinema complex with seating for 1449 patrons, a six tenancy international food court, and parking for 248 cars. The cinema is leased to independent cinema chain Ace Cinemas, a family owned group who have been operating cinemas in Western Australia for over 40 years. The lease term of ten years commenced in March 1999.

The property also includes a parcel of vacant land (individually valued at \$0.7 million) which is subject to a road reservation zoning.

Site Area	1.65 hectares
Building Area	3,040 sq. m
Valuation	\$6,150,000
Date of Valuation	5 April 2005
Income Yield	10.14% *
Main Tenant	Ace Cinemas
Lease Term	10 years from March 1999

\*The vendor has provided a rent guarantee for a two year period from settlement



## 4.7 Cardno BSD Centre 2 Bagot Road, Subiaco, Western Australia

The Cardno BSD Centre is located in Subiaco, approximately three kilometres from the Perth CBD. The centre is to be purchased for \$5.0 million.

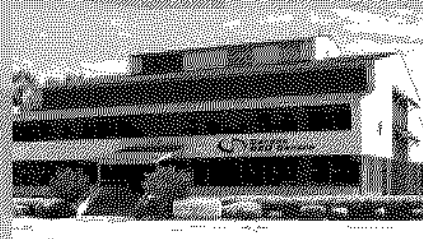
Situated on a prominent intersection and adjacent to the very popular West Perth office market, this property provides 2,182 sqm of net lettable office accommodation on three levels. In addition there are 57 undercover car bays, providing further appeal to tenants who require a convenient fringe CBD address. The total site area of 1604 sqm provides scope for future redevelopment into larger office premises or for residential apartments which are becoming more prevalent in the area.

The first two levels of the property are presently leased to Cardno BSD Pty Ltd along with 40 car bays on a lease expiring in October 2011. The parent company Cardno BSD is an international engineering and management consulting group focused in Australia and South East Asia, and employing over 650 staff in 23 offices. Listed on the Australian Stock Exchange in 2004, the company has origins dating back over 60 years. Its financial results for the 2004 year show revenue of \$65 million and net profit before tax of \$6.5 million.

The remaining level is partially occupied by small professional businesses on a monthly basis, although some of these tenants have been occupants for several years providing an opportunity to convert these tenancies into longer term leases.

Site Area	1,604 sq. m
Building Area	2,182 sq.m
Valuation	\$5,000,000
Date of Valuation	1 March 2005
Income yield	9.14% *
Main Tenant	Cardno BSD
Lease Term	7 years (5 year option)

\* The vendor will provide ADPF with a rent guarantee over vacant space for a period of one year from settlement.



# Section 5

## Financial Information

The following forecast information has been prepared on the basis of the accounting policies and assumptions as outlined at Section 5.5. AFM has prepared the forecast information on the basis that the assumptions used are reasonable in the present economic and business condition and considers that it has exercised due care and attention. Potential investors should be aware that the timing of actual events and the magnitude of their impact might differ from the assumptions, and this may have a positive or negative impact on actual financial performance of ADPF. To this end, potential investors are advised to read Section 5.6 – “Forward Looking Statements”, Section 6 – “Investment Considerations and Risks”, and Section 9.1 “Independent Accountant’s Report”.

### 5.1 Forecast Statement of Financial Performance

Set out below is the Forecast Statement of Financial Performance and distribution forecast for the first two years of the Fund, based on ownership of the Initial Properties, and the significant accounting policies and assumptions as outlined in section 5.5.

The Statement is not intended to be a representation or guarantee that the forecast income will occur, as events outside the control of the Manager may result in the actual results being different from the forecasts.

	Notes (refer Section 5.2.2)	Year Ended 30/6/06 000's	Year Ended 30/6/07 000's
<b>Income</b>			
Net Property Income	1	3,354	3,386
Interest on Cash at Bank	2	10	8
<b>Total Income</b>		<b>3,364</b>	<b>3,394</b>
<b>Trust Expenses</b>			
Management Fees	3	167	170
Interest on Borrowings	4	1,482	1,508
Amortisation of Borrowing Costs	5	23	23
Other Expenses	6	30	31
<b>Total Expenses</b>		<b>1,702</b>	<b>1,732</b>
<b>Net Distributable Income</b>		<b>1,662</b>	<b>1,662</b>
<b>Forecast Distribution (cents per security)</b>		<b>8.75</b>	<b>8.75</b>
<b>Distribution Yield</b>		<b>8.75%</b>	<b>8.75%</b>
<b>Tax-Deferred Portion</b>		<b>71%</b>	<b>76%</b>
<b>Forecast equivalent Pre-tax Yield</b>		<b>14.95%</b>	<b>15.37%</b>

## 5.2 Sensitivity Analysis on Forecast Statement of Financial Performance

The gearing level of the Fund will be affected where the amount of capital raised changes. This may subsequently alter the forecast distribution yield. The sensitivity analysis below demonstrates the impact on forecasts for different gearing levels and interest rates, based on the year one forecast return.

### Sensitivity Analysis

Equity raised \$	Gearing Level %	Forecast Return in Year One (cents per unit)		
		Interest rate 0.5% lower	Forecast Interest Rate	Interest Rate 0.5% higher
23,000,000	45	8.80	8.41	8.03
19,000,000	55	9.31	8.75	8.18
15,500,000	64	9.99	9.19	8.39

## 5.3 Taxation Consequences for Unitholders

Under current taxation legislation applying to unit trusts, the Manager believes ADPF is not liable to pay income tax provided net income is fully distributed to Unitholders, and the provisions of Division 6C of the Income tax Assessment Act 1936 are met. Therefore net income and any taxation consequences of the Fund will be distributed to Unitholders who are required to consider these amounts in their own annual taxation affairs. To assist Unitholders, AFM will provide an annual distribution statement which will include a guide on how the distribution should be treated for taxation purposes.

As per the forecast statement of income, a proportion of the income is tax-deferred. This results from the availability of taxation deductions for capital works which apply to costs relating to buildings, fixtures and fittings, as well as capital raising allowances. Tax deferred amounts when received are not assessable to the Unitholder however will result in reduction to the cost base of their Units in ADPF. If the cost base of a Unitholder's Units is reduced to nil by tax deferred amounts the excess will be assessed as a capital gain.

Capital gains tax may apply in the future where Unitholders dispose of their Units at a price above the cost base of the Unit.

Unitholders are advised to seek their own independent taxation advice if they are in any doubt.

## 5.4 Proforma Unaudited Statement of Financial Position

This table represents the Statement of Financial Position of ADPF immediately following acquisition of the Initial Properties and capital raising based on the policies and assumptions set out in Section 5.5.

	Notes (refer Section 5.2.2)	Proforma 1/7/05 000's
<b>CURRENT ASSETS</b>		
Cash At Bank		658
<b>NON CURRENT ASSETS</b>		
Investment Properties	7	38,112
Other	5	116
<b>TOTAL NON CURRENT ASSETS</b>		<b>38,228</b>
<b>TOTAL ASSETS</b>		<b>38,886</b>
<b>NON CURRENT LIABILITIES</b>		
Borrowings		21,481
<b>TOTAL LIABILITIES</b>		<b>21,481</b>
<b>NET ASSETS</b>		<b>17,405</b>
<b>EQUITY</b>		
Contributed Equity		19,000
Less Issue Costs	8	(1,595)
<b>TOTAL EQUITY</b>		<b>17,405</b>
Net Tangible Asset Backing per \$1 Unit		91 cents

## 5.5 Significant Accounting Policies and Assumptions

Set out below are the significant accounting policies and assumptions adopted in the preparation of the preceding financial information for Sections 5.1, 5.2, and 5.4 for the purposes of this PDS.

### 5.5.1 Significant Accounting Policies

#### Financial Reporting Framework

The financial statements have been prepared in accordance with generally accepted accounting principles, the Corporations Act 2001, Accounting Standards and Urgent Issues Group consensus views. The financial statements have been prepared on the basis of historical cost and except where stated, do not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concept of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial reports:

#### (a) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

#### (b) Capitalisation of Borrowing Costs

Borrowing costs directly attributable to obtaining finance for the purchase of investment properties are capitalised and amortised over the life of the loan.

#### (c) Financial Instruments Issued by the Fund

##### *Debt and Equity Instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Transaction Costs on the Issue of Equity Instruments*

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

##### *Interest and Dividends*

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments.

#### (d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

(e) Income Tax

Under current taxation legislation,ADPF is not liable to pay income tax provided Unitholders are entitled to all the taxable income of the Fund.

(f) Interest-Bearing Liabilities

Debentures, bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(g) Investment Properties

Land and buildings are measured on the fair value basis. Fair value is determined on the basis of an independent valuation prepared by external valuation experts. Independent valuations of property investments are obtained at intervals of not more than three years. In the absence of an independent valuation as at reporting date the directors assess fair value on the basis of open market valuations for the best use of the respective properties. Any differences between the original purchase price and the directors' valuation of properties arise through stamp duty, other acquisition costs capitalised since acquisition and any capitalised items such as fixtures and fittings.

Revaluation increments and decrements arising from recognising investment properties at their fair values are offset against one another within the class of investment properties. Net revaluation increments in the carrying amounts of investment properties are recognised directly in the asset revaluation reserve, except to the extent that the increment reverses a decrement that was previously recognised as an expense in net profit or loss in respect of the same class of assets, in which case the increment is recognised as revenue in net profit or loss.

Net revaluation decrements in the carrying amounts of investment properties are recognised as an expense in net profit or loss, except to the extent that the decrement reverses a previous revaluation increment in respect of the same class of assets credited directly to the asset revaluation reserve, in which case the decrement is debited directly to the reserve to the extent that a credit exists in respect of the same class of assets.

This policy should be read in conjunction with statement (i) International Financial Reporting Standards.

(h) Revenue Recognition

*Rental and other property income*

Rental and other property income is recognised as income when receivable under the terms of the rental agreement.

*Rendering of Services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

*Sale of Goods and Disposal of Assets*

Revenue from the sale of goods and disposal of other assets is recognised when the entity has passed control of the goods or other assets to the buyer.

(i) International Financial Reporting Standards (IFRS)

For reporting periods beginning from 1 January 2005, IFRS will need to be complied with. For ADPF this will require reported results, with comparatives to apply for the financial year ending 30 June 2006.

The major implications of IFRS for ADPF are likely to include:

International Accounting Standards 39 may require interest rate hedges to be accounted for at their fair value with gains and losses arising from movements in fair value included in Statement of Financial Performance.

International Accounting Standard 40 – Investment Property which will require revaluation increments and decrements on investment properties to be recorded in the Statement of Financial Performance.

AASB 1032 'Financial Instruments: Disclosure and Presentation' requires all financial liabilities to be recognised as such on the balance sheet. It is presently uncertain whether Trust units on issue will be required to be treated as a financial liability under IFRS. In the event that such treatment is required it may transpire that Trust units on issue will no longer form part of contributed equity and instead be classified as a non-current liability on the balance sheet with distributions classified as an expense in the income statement.

The forecast financial statements included in this PDS are based on current accounting standards and do not reflect the transition to IFRS, as it is not possible to predict the change in interest rates or value of investment property and as such the impact of these standards.

#### **5.5.2 Notes and assumptions to the forecast financial information**

The financial forecasts set out in Sections 5.1, 5.2, and 5.4 are based on the general and specific assumptions set out below. These assumptions should be referred to when considering the forecast financial information detailed in this PDS and should be read in accordance with the risk factors set out in Section 6.

The assumptions used in preparing the financial forecasts contained in this section of the PDS relate to future events or management actions which are expected to take place during the forecast period.

#### **General Assumptions**

- (i) Income from the Fund to commence from 1 July 2005.
- (ii) All figures shown are exclusive of GST. The Manager believes that each of the Properties is purchased as a going concern, and therefore not subject to GST.
- (iii) Taxation laws remain unchanged.

#### **Notes to Financial Statements and Specific Assumptions**

##### **1. Net Property Income**

The net property income for the financial periods to 30 June 2006 and 30 June 2007 is based on the lease schedules as provided in the valuation reports including rental guarantees provided by the vendors. It is assumed that vacant tenancies not guaranteed after 12 months will be leased, allowing for reasonable letting up periods as per the valuation reports.

The rental guarantees in place at settlement are as follows:

- \* Abernethy Park - Vendor has provided a twelve month guarantee over the vacant tenancy however as at the date of this report a lease agreement has been received which will terminate the need for this guarantee.
- \* Champion Drive Shopping Centre - Vendor has provided a two year guarantee over the vacant tenancy and in addition the rent free period for shop 10.
- \* Riseley Corporate Centre - Vendor has provided a 12 month guarantee over the vacant tenancies.
- \* Midland Cinema Complex - Vendor has provided a rent guarantee in relation to the variable outgoings on the vacant food court tenancies for a period of two years.
- \* Cardno BSD Centre - Vendor has provided a rent guarantee over the vacant tenancies for a period of 12 months.

Net rental income is also based on the assumption that the sale of Champion Drive Shopping Centre and Midland Cinema Complex receives approval from Aspen Group shareholders.

Property expenses have generally been increased in line with expected CPI, as forecast by each valuer, for the 2006 and 2007 financial years. The rate is between 2% and 3%.

##### **2. Interest Income**

A cash rate of 5.00% has been assumed for surplus cash on hand.

##### **3. Management Fee to Aspen Funds Management**

Details of all on-going management fees are provided per the fee schedule in Section 8 "Fees and Expenses".

#### 4. Interest on Borrowings

It is the Manager's intention to fix the interest rate on a minimum of 50% of the external debt facility for the loan term with the remaining portion of debt subject to a variable interest rate. Interest on borrowings has been based on a fixed interest rate of 7.00% and a variable interest rate of 6.80% both inclusive of bank margin.

#### 5. Amortisation of Borrowing Costs

The loan costs include loan application fees, legal fees, valuation fees, stamp duty payable, registration fees and fees for searches. These costs are amortised over the loan term period.

#### 6. Other Expenses

Other expenses consist of the following:

- \* custodian fee is a minimum of \$15,000
- \* audit, accounting, legal and compliance issues costs of \$15,000

#### 7. Investment Properties

The property portfolio consists of the properties acquired at cost plus acquisition expenses. Acquisition costs include stamp duty, valuation and legal fees and total \$2.01 million.

#### 8. Issue Costs

Issue costs are set off against the value of equity raised in accordance with the applicable accounting standards. Issue costs include the Acquisition Fee as described in Section 8 "Fees and Expenses" and costs associated with the preparation and marketing of the PDS, and underwriting of the initial capital raising.

#### 9. Commitments

As per the payment details of the Acquisition Fee as disclosed in Section 8.1, 1% or \$361,000 is due and payable 12 months from settlement date, and 1% or \$361,000 is due and payable 24 months from settlement date of the Initial Properties.

An amount of \$400,000 is included in cash for construction of a stand alone fast food outlet at the Champion Drive Shopping Centre. An amount of \$95,000 is included in cash for fit out costs at Abernethy Park as per the new lease agreement with Dexion.

## 5.6 Forward Looking Statements

The statements in this PDS that constitute forward looking statements involve known and unknown risks, uncertainties and other factors which may impact on actual outcomes, many of which are outside the control of the Manager. These factors include economic conditions in the markets in which ADPF operates, tenant demand for the properties owned by ADPF, and general achievement of ADPF business forecasts. These and other factors will cause the actual results, performance or achievements of ADPF to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward looking statements. The forward looking statements do not constitute a representation that future results will be achieved in the amounts or by the dates indicated and are presented as a guide to investors to assist them in assessing ADPF. The forward looking statements are best estimates based on information available to the Manager as at the date of this PDS.

# Section 6

## Investment Considerations and Risks

All investments involve some degree of risk. An investment in ADPF will involve all the usual risks of property ownership as well as risks particular to this investment structure. Many risks cannot be controlled by the Manager, and may affect the forecasts stated in this PDS. Other risks can be mitigated and the Manager will implement safeguards and controls to reduce risk where possible.

Some of the factors that investors should consider before making a decision whether or not to invest in ADPF are described below.

### 6.1 Specific Property Risks

#### Tenant defaults

- \* Rental income can be adversely affected by tenants not making rental payments in a timely fashion or defaulting under their leases. While the Manager makes best endeavours to satisfy itself as to the financial strength of tenants at the time of commencing a lease, the financial situation of tenants is subject to change at anytime.

#### Vacancy levels

- \* Vacant space exists in certain properties from time to time, generally resulting from the inability of the Property Manager to attract tenants due to competition from surrounding properties or financial difficulties of existing tenants.
- \* Where vacancies occur due to tenants not renewing their lease, or defaulting on their lease, it will be necessary to re-let such vacant areas. This may well result in a time lag between the change over to a new tenant or tenants, and therefore create a period during which no rent is received. The period of time taken to re-let vacant space will depend on a variety of factors at that time, including but not limited to, competing property supply and rental values, general economic circumstances, and overall demand requirements from potential tenants.
- \* Commissions will be payable to agents who introduce tenants and incentives may be required to be paid to attract tenants. These costs may vary, depending upon the level of letting activity required for a property. Such costs are charged against rental income.
- \* Vacancy levels can have a direct impact on the value of each of the properties at any point in time, most notably at the point that any one of the properties might be sold. Should vacancy levels have increased from current levels to the point of any such sale, the value of any of the properties being sold is likely to be adversely affected.
- \* Construction has begun on a new cinema complex at a nearby shopping centre which may provide competition to the Midland Cinema Complex or may result in the property's current tenant not renewing on expiry of their lease. Due to the specific use nature of the Midland Cinema Complex, should Ace Cinemas not renew their lease when it expires in 2009 and another cinema operator cannot be found as a tenant, the property may require refurbishment or redevelopment to secure new tenants at market rates.

#### Physical works

- \* In the event that any of the properties require structural repairs or major works which are not of a capital nature, additional charges may have to be made against the rental income from the respective properties. While allowances are made for repairs it is impossible to predict the exact repair costs ahead of time.

- \* The Manager has conducted due diligence on each of the properties to be purchased and has engaged experts to report on specific aspects of each of the properties. In some cases it may not be possible to obtain an unqualified report from these experts. It is therefore not possible for the Manager to guarantee that potential monetary risks do not exist in these areas. In addition, potential liability claims against experts may be contractually limited.

#### **Approval of Members**

- \* The purchase of two of the properties is subject to the shareholders of Aspen Group approving the terms of the sale. If the approval is not obtained, the Manager will proceed with the purchase of the remaining properties and seek to secure alternative properties.

## **6.2 Specific Financial risks**

#### **Assumptions**

- \* The financial forecasts are based on a number of assumptions of which some are subject to change. The Manager uses its best endeavours to ensure the assumptions are as realistic as possible but is unable to completely guarantee the accuracy of the forecasts.

#### **Interest rates**

- \* Interest rates on loan finance in the financial forecast have been assumed at 6.90%, being the average indicative rate quoted by potential financiers of ADPF. Should interest rates move upward this may increase the overall interest costs to ADPF, similarly where interest rates move down, interest costs may reduce. AFM will fix the interest rate on a portion of the borrowings to reduce the impact of interest rate movements.
- \* An interest rate of 5.00 % has been assumed for the purpose of calculating interest income on surplus cash balances held. Should this interest rate move during the period being considered, there will be a direct impact upon the forecast earnings.

#### **Loan finance**

- \* Should there be insufficient funds to meet the interest payments on ADPF's debt facilities, the financiers may wish to enforce their security over the properties, and sell the properties.
- \* The debt facilities will be initially approved for a period of 3-5 years. The financiers are not obliged to rollover or extend the loans upon expiry. Further, there is no certainty that the loans will be able to be refinanced at their expiry. In this situation a financier may enforce its security and, amongst other actions, require the sale of the properties over which it may have security.

#### **Gearing**

- \* By using debt to part finance the purchase of the properties, the potential for capital gains and capital losses increases. The Constitution allows the Manager to borrow for the purposes of the Fund without imposing a maximum gearing level.

#### **Distributions**

- \* Unitholders in ADPF are entitled to participate in distributions from time to time but the amount of future distributions or whether a distribution will be made in any given quarter is not guaranteed by the Manager.

#### **Liquidity**

- \* The Fund is an unlisted fund without any automatic right to withdraw from the Fund, and no recognised secondary trading market. The value of the Units in the Fund can only be valued on a net tangible asset basis which may differ to the net realisable value or potential sale value of the assets.
- \* There is no fixed termination date for the Fund and the Manager expects Unitholders will be asked to vote on termination of the Fund after seven years. Such a vote is carried by a majority of Unitholders which may differ to your wishes as an individual Unitholder.

## 6.3 General/Economic Risks

### Property Performance

- \* Investment in property should be viewed as a longer-term investment. The impact of property performance (both in terms of those properties that may be acquired by the ADPF or the general property market) on the value of ADPF's Unit price cannot be clearly assessed at this or any future stage.
- \* Changing local or global economic conditions may affect the potential resale value of the properties, as well as the Manager's ability to actually achieve such a sale of the properties. Adverse market and economic conditions could lead to any such potential future sale resulting in a capital loss of the properties' values.

### Operation and Regulator Risks

- \* The Manager is required to operate the Fund in accordance with the Corporations Act and the conditions of its Australian Financial Services Licence. If the Manager fails to comply with these requirements it may be forced to retire as Responsible Entity of the ADPF which may cause disruption to the operation of the Fund.
- \* A majority of the Unitholders may pass a resolution requiring the Manager to retire in which case a replacement responsible entity would need to be appointed.

### Market Conditions

- \* A number of factors outside the Manager's control may significantly impact on ADPF, its performance and the price of its Units. These factors include economic conditions in Australia and internationally; changes in fiscal, monetary and regulatory policies such as inflation and interest rates, and attitudes to property as an investment class. Investors should recognise that the financial performance of ADPF could be negatively affected by any of the above factors, or any other factors not so noted, which in turn may affect the price of the Fund's Units.

### Stamp Duty and other Taxes

- \* Application has been made for the Fund to be provisionally recognised for stamp duty purposes as a widely held unit trust. The Manager expects the Fund will qualify as a widely held trust within 12 months of the date of this PDS. If for any reason it does not qualify stamp duty will be applicable on the issue and transfer of Units in the Fund.
- \* Changes to federal and state taxation laws, in particular stamp duty can impact on the general supply and demand for properties and purchase and sale prices of properties to be acquired and/or sold by ADPF.
- \* The Fund is expected to be a widely held trust for income tax purposes. If the Fund ceases to be widely held it may be taxed as if were a company not a trust.

# Section 7

## The Manager

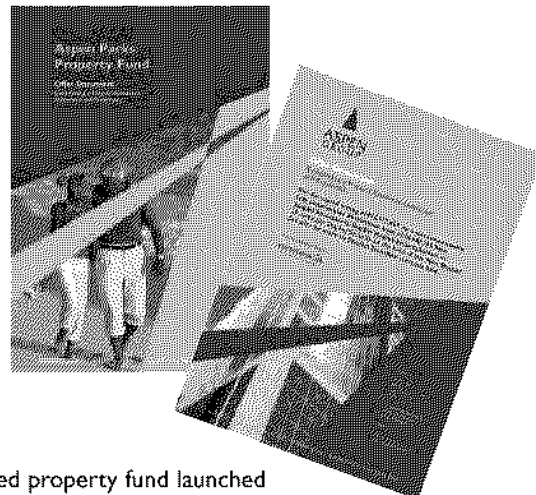
### Aspen Funds Management Limited

AFM holds a current Australian Financial Services Licence enabling it to undertake the role of Responsible Entity for ADPF.

AFM is a subsidiary of Aspen Group Ltd, which together with Aspen Property Trust forms Aspen Group, a property investment and management group formed in 2002 and listed on the Australian Stock Exchange (ASX code: APZ). AFM is the Responsible Entity for Aspen Property Trust. As at 31 March 2005 Aspen Group manages in excess of \$200 million in commercial property assets, and has developed a track record over the past three years of raising capital to acquire properties, managing high yielding property assets, and developing and managing property-related investment funds for investors.

AFM is also the Responsible Entity for Aspen Parks Property Fund, an unlisted property fund launched in April 2004 which invests in tourist park assets, and as at the date of this PDS had assets of \$43 million.

Applications to invest in the Aspen Parks Property Fund can only be made on the current offer document.



### Directors

**Reg Gillard** FCPA, FAICD, JP

Chairman

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.

Reg is presently the Chairman of Aspen Group, and holds several other non-executive positions as either Chairman or Director of ASX listed companies. He has developed close working arrangements with a number of substantial Australian and international investment funds and has been involved with the funding of several listed public companies.

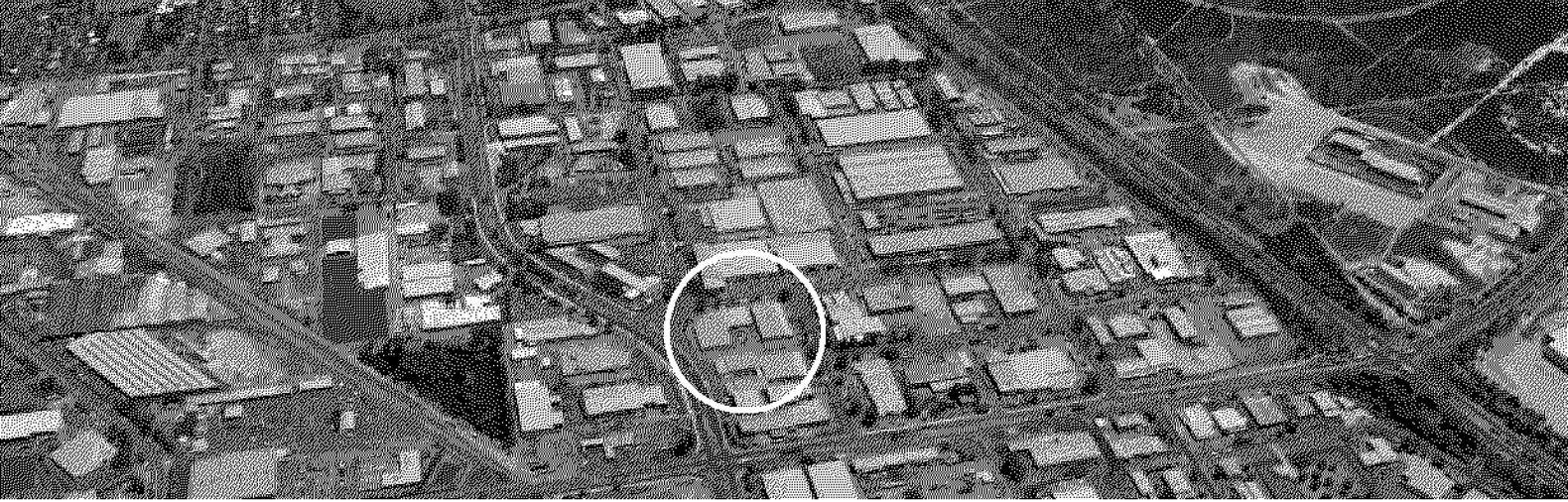
Reg is a Registered Company Auditor, Justice of the Peace, a Fellow of the Certified Practising Accountants of Australia, a Fellow of the Australian Institute of Company Directors and a Licensed Real Estate Agent.

**Angelo Del Borrello** Dip Fin Advising

Mr Angelo Del Borrello is the Managing Director of Aspen Group, the parent company of AFM. Angelo was instrumental in the creation of Aspen Group some three years ago and is now responsible for the acquisition, development and funding of commercial properties and overseeing the business operations in general. Angelo has utilised his financial market skills in the property syndication market, and was involved in the development of the Aspen Parks Property Fund in 2004. Previously he has had an active involvement in various facets of property development including land subdivisions, luxury apartment development and refurbishment.

Angelo is also a Director and co-founder of SageCorp Securities Pty Ltd, a private wealth management business, which holds an Australian Financial Services Licence.

Angelo holds a Diploma of Financial Advising with the Securities Institute of Australia.



**Gavin Hawkins** BBus, CA

Mr Gavin Hawkins is a founding director of Aspen Group, and has extensive experience in the public accounting and corporate sectors. Gavin is the Chief Financial Officer for the Aspen Group, overseeing all financial activities for the group. As a Chartered Accountant, Gavin spent a number of years with Deloitte Touche Tohmatsu, developing expertise in audit, corporate governance, corporate advisory, and management consultancy. He further developed his skills and experience in the corporate finance and investment banking industry by spending several years in London working with major financial institutions including Sumitomo Finance and Barclays Capital.

Together with Mr Del Borrello, Gavin established SageCorp Securities Pty Ltd, a private wealth management business holding an Australian Financial Services Licence.

Gavin holds a Bachelor of Business and is an associate member of the Institute of Chartered Accountants.

**Stuart Price** FRICS, FAPI

Mr Stuart Price has been involved in property investment, valuation, management and development for over 30 years and has substantial experience across the commercial, retail and industrial sectors. He currently holds the role of Executive Director – Property for Aspen Group with responsibility for asset management of the Group's property portfolio.

Stuart's experience is in the fields of asset management, property investment, development and valuations. His experience includes executive positions with Barclays Bank PLC (London), Hong Kong Government, Sime Darby (Hong Kong) and the Wyllie Group (Perth).

As Property Director at Wyllie Group, Stuart had responsibility for, and involvement in, a diverse portfolio of significant real estate assets throughout Australia. These included St George's Square office tower (Perth), the Perth Convention and Exhibition Centre, Kings Gardens Office Park (South Melbourne), shopping centres and residential projects in Queensland, the \$60 million Cullen Bay Estate in Darwin and the proposed Ernst and Young office tower at World Square (Sydney).

Stuart is a Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Australian Property Institute.

**Andrew Martin** BA, FRICS, FAPI

Mr Andrew Martin has 30 years of experience in the property industry, having worked for 23 years with Jones Lang LaSalle in a variety of senior management positions, the last 17 years being based in Sydney. Andrew was for a number of years an International Director in their Capital Markets Group, which was responsible for the disposal and acquisition of real estate across the commercial, retail and industrial sectors, acting on behalf of both domestic and international investors.

Andrew is a non-executive director of both Aspen Group Limited and Aspen Funds Management Limited.

Andrew holds a Bachelor of Arts degree from the University of New South Wales, is a fellow of both the Royal Institution of Chartered Surveyors and the Australian Property Institute and is a registered valuer and licensed real estate agent.

# Section 8

## Fees and Expenses

### 8.1 Fee Table

This table shows significant fees that may be charged in relation to ADPF. These fees will be deducted from either the proceeds raised under this PDS, or prior to income available for distribution to Unitholders. There are no fees charged directly to Unitholders or deducted from individual holdings.

Please read all the information about the fees and costs, as it is important to understand their impact on your investment.

Fees	Amount	How and When Paid
<b>Fees when your money moves in or out of the Fund</b>		
Establishment Fee: This fee is the fee to set up your initial investment	Nil	N/A
Contribution Fee: This is the fee for the initial and every subsequent investment you make	Nil	N/A
Withdrawal Fee: This is the fee for each withdrawal you make	N/A	N/A
Termination Fee: This is the fee when you finally close your investment	N/A	N/A
<b>Management Costs</b>		
<b>Administration Costs</b> are the fees and costs for operation of the Fund. They include administration and other fees charged by the product issuer, distribution costs and other expenses incurred in operating the Fund. <sup>(1)</sup>	The Manager will be reimbursed for any costs or expenses incurred in establishing and managing ADPF. These costs are estimated at 0.08%pa of the gross asset value of ADPF for the forecast period.	As incurred by ADPF.
<b>Investment Costs</b> are the fees and costs for investing the assets. They include fees charged by the product issuer, fees paid to external investment managers and other expense incurred in investing the assets (excluding transaction costs).		
Acquisition Fee: This fee is for the Manager to complete the following: Identification, negotiation and settlement of the Funds assets; PDS production, marketing and promotion in relation to equity raising; Negotiating and arranging borrowing facilities.	The Manager receives 5% of the acquisition value of all properties, exclusive of acquisition costs.  From this fee the Manager may pay an amount of up to 3% of the application amount to holders of an Australian Financial Services Licence for applications introduced to ADPF. <sup>(2)</sup>	On settlement of the Initial Properties: 3% is due and payable at settlement; 1% is due and payable 12 months from settlement; 1% is due and payable 24 months from settlement.  On Additional Properties 5% is payable at settlement.  The fee is not charged against individual applications.

---

**Asset Disposal Fee:**

This fee is for arranging the disposal or transfer of assets.

The Manager receives a maximum of 2% of the net proceeds of sale of the properties, or value of the properties in the event of the Fund being listed on the ASX, or the value of the properties if the Manager is removed.

On either the wind up of ADPF and distribution of proceeds to Unitholders, or on the disposal of the individual components of the portfolio, or on the value of assets should ADPF become listed on the ASX. The fee is also payable should AFM be removed as Responsible Entity for the Fund.

Payable one month from the occurrence of any of the above events.

---

**Fund Management Fee:**

This is an annual fee for managing and administering ADPF.

The Manager shall receive an annual management fee of 0.8% of the gross asset value of ADPF, commencing from the settlement date of the Fund assets. <sup>(3)</sup>

Payable monthly in advance.

---

**Fund Management Performance Fee:**

This is an annual performance fee for achieving a return over a set benchmark for a particular year for managing and administering the Fund.

The Manager will be entitled to an annual incentive fee being 25% of the amount available for distribution to Unitholders in a financial year which exceeds a yield of 8.75% for the year.

Payable half yearly in arrears within 30 days of the release of the funds half yearly audited accounts. In any year where the yield is less than 8.75%, no fee is payable and only an interim fee would be repaid. Fees in subsequent years will depend on any deficiency (ie. any yield less than 8.75%) being covered by yields exceeding 8.75% prior to calculating any fee.

---

**Notes**

- 1). Administration expenses include costs for accounting, auditing, Unitholder registry, custodian, and trustee as detailed in section 5.
- 2). AFM may pay a commission to licenced financial advisers for applications received from investors for Units in ADPF. The maximum paid will be 3% of the application amount but may be less if agreed with the relevant financial adviser.
- 3). The Manager may collect a lesser amount of management fees in any given year to the extent necessary to ensure the forecast distribution is met, and will be entitled to recover these fees in later years. The Manager reserves the right to collect any shortfall of management fees up to the amount specified in table 8.1 in subsequent years only where the amount available for distribution exceeds the forecast return.

**8.2 Additional Information**

1. A leasing fee may be payable to Aspen for providing leasing services to ADPF at normal commercial rates.
2. A project management fee of 6.5% of the construction costs of any capital improvements on any of the Funds assets may be paid to Aspen for project management.
3. An underwriting fee of 2% of the equity raised under this issue up to the minimum subscription amount is payable to Aspen.
4. The fees shown in this table are exclusive of GST. The total cost to the Fund will be greater where the Fund is entitled to only claim a reduced input tax credit for GST payments.

# Section 9

## Experts' Reports

### 9.1 Independent Accountant's Report

**PKF Corporate Advisory**



PKF Corporate Advisory  
Services (WA) Pty Ltd

ACN 009 423 152  
Australian Financial Services  
Licence No: 240566

Level 7, BGC Centre  
28 The Esplanade  
Perth WA 6000  
PO Box Z5066  
St Georges Terrace  
PERTH WA 6831

Tel: (08) 9278 2222  
Fax: (08) 9278 2200  
[www.pkf.com.au/wa](http://www.pkf.com.au/wa)

11 April 2005

The Directors  
Aspen Funds Management Limited as  
Responsible Entity for Aspen Diversified Property Fund  
Level 8, 256 Adelaide Terrace  
PERTH WA 6000

Dear Sirs

#### **Independent Accountant's Report**

##### **1 Introduction**

The Directors of Aspen Funds Management Limited ("AFM"), as Responsible Entity for the Aspen Diversified Property Fund ("ADPF"), have requested PKF Corporate Advisory Services (WA) Pty Ltd to prepare an Independent Accountant's Report ("Report") for inclusion in a Product Disclosure Document ("PDS") dated on or about 11 April 2005, relating to the offer of 19,000,000 units in ADPF at \$1.00 each to raise \$19,000,000. ADPF may raise additional capital to fund the acquisition of additional properties or reduce debt.

You have requested that our Report cover the following:

- a review of the pro-forma unaudited statement of financial position of ADPF as at 1 July 2005 assuming the acquisition of five commercial properties and associated acquisition costs totalling \$38,112,000, planned capital raising of \$19,000,000, and borrowings of approximately \$21,481,000. This pro-forma unaudited statement of financial position is set out in section 5.4 of the PDS; and
- a review of director's forecasts of ADPF, included in sections 5.1, 5.2 and 5.5.2 of the PDS for the years ending 30 June 2006 and 30 June 2007.

The nature of this Report is such that it should be given by an entity which holds an Australian Financial Services licence under the Financial Services Reform Act 2001. PKF Corporate Advisory Services (WA) Pty Ltd holds the appropriate Financial Services licence.

All the terms used in this Report have the same meaning as the terms used and defined in the PDS.

## 9.1 Independent Accountant's Report (continued)

Aspen Diversified Property Fund  
Independent Accountant's Report

### 2 Background

ADPF has been formed to initially acquire the following commercial properties ("Commercial Properties").

Property	Amount \$
Abermethy Park, Kewdale, Western Australia	10,050,000
Champion Drive Shopping Centre, Armadale, Western Australia	7,600,000
Riseley Corporate Centre, Booragoon, Western Australia	7,300,000
Midland Cinema Complex, Midvale, Western Australia	6,150,000
Cardno BSD Centre, Subiaco, Western Australia.	5,000,000
<b>Total</b>	<b>36,100,000</b>

In addition to the above, associated acquisition costs of approximately \$2,012,000 are expected to be incurred.

The vendor of Champion Drive Shopping Centre and Midland Cinema Complex is Aspen Group Limited, the holding company to AFM.

ADPF plans to raise capital of \$19,000,000 and obtain debt funding of \$21,481,000 to meet the cost of acquisition of the Commercial Properties.

### 3 Scope

#### 3.1 Pro forma Unaudited Statement of Financial Position

We have conducted a review of the pro-forma unaudited statement of financial position as at 1 July 2005 of ADPF set out in section 5.4 and the significant accounting policies set out in section 5.5.1 of the PDS. The Directors of AFM are responsible for the preparation and presentation of the financial information contained within section 5.4 and the selection of appropriate accounting policies set out in section 5.5.1 of the PDS.

The purpose of the pro-forma unaudited statement of financial position is to demonstrate the financial effect on ADPF assuming the following transactions and events had taken place on 1 July 2005:

- The acquisition of the Commercial Properties by ADPF for \$36,100,000 and associated acquisition costs of \$2,012,000 incurred;
- Full subscription of the PDS, but no oversubscription, resulting in the issue of 19,000,000 units at \$1.00 each pursuant to the PDS to raise \$19,000,000;
- Borrowings of \$21,481,000 obtained in relation to the acquisition of the Commercial Properties;
- Settlement of costs incurred by ADPF of approximately \$1,595,500 in relation to the capital raising. These costs are recognised in contributed equity as a reduction of the proceeds received and comprise:

	\$
Acquisition fee payable to AFM	1,083,000
Underwriting fee payable to Aspen Group Limited	310,000
Prospectus Production and Marketing	167,500
Professional fees	35,000
<b>Total</b>	<b>1,595,500</b>

## 9.1 Independent Accountant's Report (continued)

*Aspen Diversified Property Fund  
Independent Accountant's Report*

- Costs of \$116,000 in connection with the arrangement of borrowings are capitalised as an asset and amortised over the respective loan period in accordance with AASB 1036 "Borrowing Costs".

We have performed a review of the pro-forma unaudited statement of financial position of ADPF as at 1 July 2005 as set out in section 5.4 and the significant accounting policies set out in section 5.5.1 of the PDS, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the pro-forma unaudited statement of financial position is not presented fairly in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review was conducted in accordance with Australian Auditing Standard AUS 902 'Review of Financial Reports'. Our review was limited to enquiries of the Directors of the Responsible Entity and personnel of ADPF, a review of the assumptions and significant accounting policies to compile the pro-forma unaudited statement of financial position, analytical procedures applied to the financial data and the performance of limited verification procedures.

These review procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit of the pro-forma unaudited statement of financial position set out in section 5.4 of the PDS and accordingly, we do not express an audit opinion.

### 3.2 Directors' Forecasts

We have reviewed the Directors' Financial Forecasts for the years ending 30 June 2006 and 30 June 2007 ("the Forecasts") set out in the PDS as follows:

Section Number	Detail Heading
5.1	Forecast Statement of Financial Performance
5.2	Sensitivity Analysis on Forecast Statement of Financial Performance
5.5.2	Notes and Assumptions to the Forecast Financial Information

The Forecasts are for the years ending 30 June 2006 and 30 June 2007 for ADPF ("Forecast Periods").

The Directors of AFM are responsible for the preparation and presentation of the Forecasts and for the information contained therein, including the selection of accounting policies and best estimate assumptions on which the Forecasts are based.

We have performed a review of the Forecasts in order to state whether, on the basis of the procedures described, anything has come to our attention which causes us to believe that the Directors' best estimate assumptions set out in section 5.5.2 of the PDS do not provide a reasonable basis for the preparation of the Forecasts, and whether, in all material respects, the Forecasts are properly prepared on the basis of the best estimate assumptions used and are presented on a basis consistent with the accounting policies to be adopted by ADPF, and are in accordance with the bases and methods prescribed by applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

## 9.1 Independent Accountant's Report (continued)

*Aspen Diversified Property Fund  
Independent Accountant's Report*

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 'Review of Financial Reports' and is substantially less in scope than an audit examination conducted in accordance with Australian Auditing Standards. Our review consisted of enquiries as to the process used in preparing the Forecasts, consideration and discussion with the Directors and management of the data supporting the best estimate assumptions and testing of the expression of the best estimate assumptions in the Forecasts. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit.

We have not performed an audit and accordingly, we do not express an audit opinion on either the Forecasts or the supporting best estimate assumptions adopted by the Directors of AFM, or an opinion as to whether the Forecasts and the supporting best estimate assumptions will be achieved.

The Forecasts have been prepared by the Directors using a set of best estimate assumptions, which reflect their judgement based on present circumstances as to both the most likely set of operating and economic conditions and the course of action ADPF is most likely to take. The Forecasts are based on a number of best estimate assumptions and the outcome may be outside the control of the Directors of the Responsible Entity. While evidence may be available to support the best estimate assumptions on which the forecast information is based, such evidence is generally future orientated and therefore speculative in nature. Accordingly, actual results during the forecast period may vary materially from the Forecasts, as it is often the case that some events and circumstances do not occur as expected, or are not anticipated. In addition, even if the events or circumstances do occur, the actual results may vary from those forecasted.

Accordingly, we are not in a position to, and do not, express an opinion as to whether the actual results of ADPF for the Forecast Period will approximate those Forecasts because assumptions regarding future events by their nature are not capable of independent substantiation.

The Forecasts have been prepared for inclusion in the PDS relating to ADPF capital raising. We disclaim any assumption of responsibility for any reliance placed on this Report, or on the Forecasts to which it relates, for any purpose other than that for which it was prepared.

### **4 Statements**

#### **4.1 Pro-forma Unaudited Statement of Financial Position**

Based on the scope of our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro-forma unaudited statement of financial position as at 1 July 2005, as set out in section 5.4 of the PDS is not presented fairly in accordance with the measurement requirements, but not the disclosure requirements, of applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of ADPF as at 1 July 2005, on the basis and assumption that the transactions or events set out in section 3.1 of this Report had taken place on 1 July 2005.

#### **4.2 Directors' Forecasts**

Based on our review, which is not an audit of the Forecasts, and based on our review of the reasonableness of the best estimate assumptions giving rise to the Forecasts, nothing has come to our attention which causes us to believe that:

- the best estimate assumptions set out in section 5.5.2 of the PDS do not provide a reasonable basis for the preparation of the Forecasts;
- the Forecasts as set out in section 5.1 of the PDS are not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by ADPF disclosed in section 5.5.1 of the PDS; and

4.

## 9.1 Independent Accountant's Report (continued)

*Aspen Diversified Property Fund  
Independent Accountant's Report*

- the Forecasts are unreasonable.

The underlying best estimate assumptions are subject to significant uncertainties and contingencies often outside the control of ADPF. If events do not occur as assumed, actual results and distributions achieved may vary materially from the Forecasts. Accordingly, we do not confirm or guarantee the achievement of the Forecasts, as future events, by their very nature, are not capable of independent substantiation.

### 5 Subsequent Events

To the best of our knowledge and belief, and based on the work we have performed in relation to the scope of work set out in section 3 of this Report, there have been no material transactions or events, other than those included in this Report, or section 5.4 of the PDS, which would require a comment on or adjustment to the information referred to in this Report or section 5.4 of the PDS, or would cause the information included in this Report or section 5.4 of the PDS to be misleading.

We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

### 6 Declaration

PKF Corporate Advisory Services (WA) Pty Ltd is responsible for this Report. This Report is strictly limited to the matters contained herein and is not to be read as extending by implication or otherwise, to any other matter.

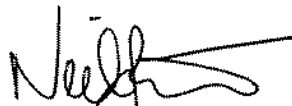
PKF Corporate Advisory Services (WA) Pty Ltd does not have any interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to this matter.

Except for fees relating to this Report which are based on normal commercial terms, PKF Corporate Advisory Services (WA) Pty Ltd does not have any interest in ADPF nor in the outcome of the capital raising.

PKF Corporate Advisory Services (WA) Pty Ltd has not made, and will not make, any recommendation through the issue of the Report to potential investors of ADPF as to the merits of the investment.

Consent for the inclusion of this Report in the PDS in the form and context in which it appears has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully  
**PKF Corporate Advisory Services (WA) Pty Ltd**



**NEIL G SMITH**  
Director  
*Authorised Representative under Proper Authority*

## 9.2 Valuation Summary

VALUATION & ADVISORY SERVICES

**CBRE**  
CB RICHARD ELLIS

CB Richard Ellis (C) Pty Ltd  
Real Estate Agent  
ABN 64 003 205 552

Level 2, 216 St George's Terrace  
Perth WA 6000

T 61 8 9320 0000  
F 61 8 9321 2684

www.cbre.com.au

1 March 2005

The Directors  
Aspen Funds Management Limited  
Level 8  
256 Adelaide Terrace  
Perth WA 6000

Dear Sir,

**Abernethy Park, 511 Abernethy Road, Kewdale**  
**Riseley Corporate Centre, 135 Riseley Street, Booragoon**  
**Cardno BSD Building, 2 Bagot Road, Subiaco**

### Instructions

At your request, CB Richard Ellis (C) Pty Ltd (CBRE) has prepared this letter summarising the valuation results from our completed, self contained valuation reports. The purpose of our reports was to render our opinion of market value of the above properties as at 1 March 2005. Each of the individual properties was inspected between the dates of 14 February and 21 February 2005.

The value conclusions are subject to the assumptions and limiting conditions contained in each report and reflect all information known and are based upon the most current information available at the time that the valuation was prepared. CBRE accepts no responsibility for subsequent changes in information as to income, expenses or market conditions. Any subsequent change in lease terms or the terms of the proposed income or rental guarantees which are applicable to each property will also have a corresponding change to the value.

We confirm that the valuations have been prepared in accordance with the Corporations Act.

### Reliance on this Letter

We have prepared this letter summarising our reports and which outlines key factors that have been considered in arriving at our opinions of value. This letter alone does not contain all of the data and support which is included in our reports. For further information, we recommend the reader to review the contents of each complete, self contained report.

CBRE has provided Aspen Funds Management Limited with a valuation of each property. The valuations are not guarantees or predictions of the future performance of any particular property.

9558 AspenPDS.doc

## 9.2 Valuation Summary (continued)

### VALUATION & ADVISORY SERVICES

1 March 2005

**Abernethy Park, 511 Abernethy Road, Kewdale**

#### Brief Description of the Property

Abernethy Park is situated on Abernethy Road corner of Chilver and Marchesi Streets being approximately 200 metres north-west of the intersection of Abernethy and Kewdale Roads approximately 11 kilometres east of the Perth CBD. Kewdale is regarded as a premier industrial location situated centrally within the Perth Metropolitan Area. The Tonkin, Roe and Leach Highway's together with Orrong Road provide excellent road access to the majority of the Perth metropolitan area.

The site comprises a land area of 2.7898 hectares with three street frontages.

The improvements were constructed approximately 15 years ago and maintain a high standard of accommodation. The property comprises a multi tenanted industrial/business park development consisting of 10 separate office/showroom warehouse units. Office to warehouse ratios range between 20% and 60%. Each unit has street frontage. Carparking is provided to street frontages and internally within the development.

The table below details the lettable areas of each respective unit and the current tenancy profile of the property.

<u>Components</u>	<u>GIA</u> <u>(sqm)</u>	<u>%</u>
Multieparcs Ltd	637.4	5.76%
Menlo Worldwide	623.8	5.64%
RCT	2,292.8	20.79%
Active Foundation	1,308.4	11.83%
Mega Sun Aust	1,308.0	11.83%
CMS Gas	2,290.3	20.16%
Deering Autronics	1,192.4	10.78%
Rental Guarantee	1,468.2	13.27%
<b>Total</b>	<b>11,061.3</b>	<b>100.00%</b>

#### Valuation Rationale

The two primary valuation approaches which we have adopted in valuing the subject property include the capitalisation of market net income and a discounted cashflow approach. The capitalisation approach involves assessing the market net income of the property and capitalising this at a market derived rate.

Rental rates for modern well presented industrial office accommodation generally ranges between \$110 and \$130 per sqm with warehouse rental rates ranging between \$50 and \$65 per sqm.

The most comparable rental evidence is considered to be within the subject complex and in this regard we have considered the recent lettings to Menlo Worldwide (Unit 2) and Remote Control Technology (Units 3, 4 and 5) which were leased in April 2004 and February 2005 respectively.

On balance the rental rates currently achieved at Abernethy Park are considered to be currently at or around market.

Page 2

## 9.2 Valuation Summary (continued)

### VALUATION & ADVISORY SERVICES

1 March 2005

The industrial investment market is characterised by a lack of investment grade stock and with limited opportunities being met by strong purchaser demand yields have continued to strengthen.

Having regard to the available sales evidence and property specific factors including the excellent location and exposure of the subject property, modern well presented nature of the building improvements, fully leased (with support) tenancy profile and current market conditions we consider an appropriate capitalisation rate to be 9.00%.

Our calculations in this regard are detailed below:

CAPITALISATION APPROACH	Contract Rent (\$pa)
<b>NET RENTAL</b>	
Multispares Limited	50,274
Menlo Worldwide	53,309
Remote Control Technologies	167,000
Active Foundation inc	119,763
Mega Sun Australia	118,335
CMS Gas Transmissions of Australia	171,329
Deering Autronics	98,525
Rental Guarantee	122,465
Other Income	
LESS Non-Recoverable Outgoings	-
<b>NET PASSING INCOME</b>	<b>901,000</b>
Capitalise In Perpetuity @	9.00%
<b>CAPITALISED VALUE</b>	<b>10,011,111</b>
Capital Adjustments	-
<b>Sensitivity Analysis</b>	<b>10,011,111</b>
8.75%	10,300,000
9.00%	10,010,000
9.25%	9,740,000
	<b>Adopt 10,010,000</b>

This analysis is purely for the purposes of a guide and sets out one such perpetuation in support of our opinion of estimated market realization.

In addition to the capitalisation approach, we have also completed a discounted cashflow approach over a 10 year time frame, using a target or preselected discount rate. From our analysis of comparable investment sales, we consider an appropriate discount rate for the subject property to be 10.25%. When applied to the forecast cashflow of the property the discounted cashflow approach discloses a value of \$10,100,000.

### Valuation Summary

<u>Valuation Reconciliation</u>		
Capitalisation Approach:	Assessed Value:	10,010,000
	Capitalisation Rate:	9.00%
Discounted Cash Flow Approach:	Assessed Value:	10,100,000
	Target IRR:	10.25%
	Terminal Yield	9.25%
<b>ADOPTED VALUE</b>		<b>10,050,000</b>
	Initial Yield:	8.97%
	Indicated IRR:	10.32%
	Capital Value Rate (\$psm):	909

## 9.2 Valuation Summary (continued)

### VALUATION & ADVISORY SERVICES

1 March 2005

Cardno BSD Building, 2 Bagot Road, Subiaco

#### Brief Description of the Property

The property is improved with a three level office building of 2,081.3 sqm with undercroft car parking, constructed in 1973. The carpark is unsecured and comprises 56 bays. The building is located on the corner of Bagot Road, Coghlan Road and Thomas Street. The site comprises 1,604 sqm of land.

Level 1 of the building is well appointed and partitioned out to a good standard of finish. This level comprises the Cardno BSD reception located adjacent to the common entrance foyer to the building. Level 2 comprises a mix of open plan and partitioned office accommodation. Level 3 comprises a vacant office floor. The partitioning on Level 3 is to a mixed standard of finish with considerable inconsistency in the style and standard of office partitioning throughout. We anticipate Level 3 may require re-carpeting, alterations to portions of the partitioning, repainting and general make good throughout.

Levels 1 and 2 of the property in addition to 40 car bays are the subject of a lease to Cardno BSD. The balance of the office space, carpark and some storage areas is currently vacant and subject to a 12 month rental guarantee via the vendor in accordance with the terms of the proposed contract of sale.

The lease to Cardno BSD comprises an area of 668.9 sqm and is for a term of 7 years commencing 1 October 2004, expiring 30 September 2011. The annual rental equates to \$123,747 per annum for the office accommodation and \$40,800 for the 40 car bays. Rent reviews are annually at a fixed rate of 3%. All outgoings are payable by the lessee based on the tenants proportion of the total office lettable area.

#### Valuation Rationale

The two primary valuation approaches which we have adopted in valuing the subject property include the capitalisation of market net income and a discounted cashflow approach. The capitalisation approach involves assessing the market net income of the property and capitalising this at a market derived rate.

Based on the available evidence and with regard to the property's location and the standard of accommodation we consider the market rental to be in the order of \$185 per sqm for the superior quality Levels 1 and 2 and \$165 per sqm for the Level 3 office accommodation.

The table below details our adjustments to the passing rents to reflect market rates which have been adopted in our calculations.

No.	Tenant (Note: Net Rental)	NIA (sqm)	Contract Rent		Market Rent		Rent Variation	Reversion Date	Reversion Capitalised	Coverage/ Underage
			\$pa	\$psm	\$pa	\$psm				
L1	Cardno BSD	668.9	123,747	185	123,747	185	-	30-Sep-11	-	-
L2	Cardno BSD	633.9	154,272	185	154,272	185	-	30-Sep-11	-	-
L3	Rental Guarantee	578.5	107,023	185	95,453	165	(11,570)	28-Feb-06	(121,617)	10,611
	Attic Rental Guarantee	-	-	-	-	-	-	28-Feb-06	-	-
	Store Rental Guarantee	-	-	-	-	-	-	28-Feb-06	-	-
<b>TOTAL</b>		<b>2,081.3</b>	<b>385,041</b>	<b>185</b>	<b>373,471</b>	<b>179</b>	<b>(11,570)</b>		<b>(121,617)</b>	<b>10,611</b>

In determining an appropriate yield for the subject property we have considered a broad range of sales evidence for comparable suburban and West Perth office accommodation.

Page 4

## 9.2 Valuation Summary (continued)

### VALUATION & ADVISORY SERVICES

1 March 2005

Having reviewed this evidence we believe the appropriate capitalisation rate for the subject property is likely to be in the order of 8.75% on the assessed market rental value on the basis of:

- Weighted average lease term of 4.93 years
- Future re-development potential.
- Strong passing income.
- Solid location benefiting from proximity to West Perth.
- Sales evidence of other Subiaco, West Perth, and suburban office properties.

CAPITALISATION APPROACH	Contract Rent (\$pa)
NET RENTAL	
Cardno BSD	278,018
Rental Guarantee	107,023
Other Income	68,200
LESS Non-Recoverable Outgoings	-
NET PASSING INCOME	453,241
Capitalise In Perpetuity @	8.75%
CAPITALISED VALUE	5,179,891
Rental Reversions	(121,617)
Capital Expenditure	(55,095)
<b>Sensitivity Analysis</b>	<b>5,003,179</b>
8.50%	5,160,000
8.75%	5,000,000
9.00%	4,860,000
<b>Adopt</b>	<b>5,000,000</b>

This analysis is purely for the purposes of a guide and sets out one such permutation in support of our opinion of estimated market realisation.

In addition to the capitalisation approach, we have also adopted a discounted cashflow approach over a 10 year time frame, using a target or preselected discount rate. From our analysis of comparable investment sales, we consider an appropriate discount rate for the subject property to be 10.25%. When applied to the forecast cashflow of the property the discounted cashflow approach discloses a value of \$4,940,000.

### Valuation Summary

<u>Valuation Reconciliation</u>		
Capitalisation Approach:	Assessed Value:	5,000,000
	Capitalisation Rate:	8.75%
Discounted Cash Flow Approach:	Assessed Value:	4,940,000
	Target IRR:	10.25%
	Terminal Yield	9.00%
<b>ADOPTED VALUE</b>		<b>5,000,000</b>
	Initial Yield:	9.06%
	Indicated IRR:	10.06%
	Capital Value Rate (\$psm):	2,402

## 9.2 Valuation Summary (continued)

VALUATION & ADVISORY SERVICES

1 March 2005

### Riseley Corporate Centre, 135 Riseley Street, Booragoon

#### Synopsis

The Riseley Corporate Centre is situated directly to the front of the main Riseley Street entrance to Garden City Shopping Centre on the western side of Riseley Street. This precinct comprises the Melville City Centre area and is located some 10 kilometres south west of the Perth CBD. The Garden City Shopping Centre encompasses the entire western side of Riseley Street between Marmion Street and Almondbury Road, with the subject property being the only independent lot within the Garden City Precinct with frontage to Riseley Street.

The improvements having a lettable area of 1,517.1 sqm were constructed in 2001, and are currently in as new condition. The building comprises a conventional retail/office building constructed in an 'L-shaped' configuration with central atrium and foyer. Internally the building is appointed to a very high standard and incorporates substantial high quality partitioning with most office areas partitioned into a small serviced office style arrangement off the central access corridor. A single lift is provided in addition to a main staircase which provides excellent access to Level 1. A secure basement carpark comprising a total of 65 carbays is also provided.

The property currently provides a total of 24 tenancies with 19 occupied under formal lease agreements and 5 small areas currently vacant. A rental guarantee is provided with respect to the vacant areas for a period of 12 months.

#### Valuation Rationale

The two primary valuation approaches which we have adopted in valuing the subject property include the capitalisation of market net income and a discounted cashflow approach. The capitalisation approach involves assessing the market net income of the property and capitalising this at a market derived rate.

The co-location of the subject property with Garden City Shopping Centre provides excellent opportunities to capture service retail tenancies which do not require location within the retail centre, however do require a presence within this City Centre precinct. We have examined rental evidence which comprises a mix of banking, medical, service commercial and office rental evidence of a comparable size, location and nature to the tenancies at the subject property.

The main retail tenancies include ANZ Banking Group, Home Building Society, Police and Nurses Credit Society and Maximise Your Metabolism. These tenancies all occupy prime ground floor frontage within the subject property in an area well suited to retail banking and other retail uses.

The major tenants of the first floor comprise the In Smile Dental Practice of 123 sqm and Suites 23 to 34 and 27 to 31 being a total of 305 sqm occupied by R & A Swanell as office accommodation. The market rentals for these areas are generally comparable with evidence within Garden City House and the Gateway Building, both of which are also located in this Melville City Centre precinct. The subject building has superior exposure and is modern in comparison to the alternative commercial accommodation in the immediate area.

For valuation purposes we have adopted a capitalisation rate of 9.00% having primary regard to the as new condition of the building and additionally the generally short term lease profile of the property.

Page 6

## 9.2 Valuation Summary (continued)

### VALUATION & ADVISORY SERVICES

1 March 2005

CAPITALISATION APPROACH		Contract Rent (\$pa)
GROSS RENTAL		
Contract Rent		751,187
Other Income		69,126
LESS	Outgoings	(167,313)
NET PASSING INCOME		653,000
Capitalise In Perpetuity @		9.00%
CAPITALISED VALUE		7,255,553
Capital Adjustments		-
<b>Sensitivity Analysis</b>		7,255,553
8.75%	7,460,000	
9.00%	7,260,000	<b>Adopt</b>
9.25%	7,060,000	

This analysis is purely for the purposes of a guide and sets out one such permutation in support of our opinion of estimated market realisation.

In addition to the capitalisation approach, we have also adopted a discounted cashflow approach over a 10 year time frame, using a target or preselected discount rate. From our analysis of comparable investment sales, we consider an appropriate discount rate for the subject property to be 10.25%. When applied to the forecast cashflow of the property the discounted cashflow approach discloses a value of \$7,350,000.

### Valuation Summary

#### Valuation Reconciliation

Capitalisation Approach:	Assessed Value:	7,260,000
	Capitalisation Rate:	9.00%
Discounted Cash Flow Approach:	Assessed Value:	7,350,000
	Target IRR:	10.25%
	Terminal Yield:	9.25%
<b>ADOPTED VALUE</b>		<b>7,300,000</b>
	Initial Yield:	8.95%
	Indicated IRR:	10.35%
	Capital Value Rate (\$per):	4.812

### Disclaimer

Jason Fenner and CB Richard Ellis (C) Pty Ltd have prepared this summary which appears in this Product Disclosure Statement. Mr Fenner and CB Richard Ellis (C) Pty Ltd were involved only in the preparation of this summary and the valuation referred to herein and specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in the Product Disclosure Statement, other than in respect to the valuation and this valuation summary.

We further advise any party relying on this report that this summary must be read in conjunction with the full valuation report of which this summary forms part, hence this summary should not be relied upon in isolation for finance or any other purpose.

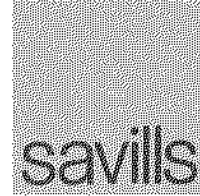
Yours sincerely  
CB Richard Ellis (C) Pty Ltd



Jason Fenner AAPI  
Licensed Valuer No 44045  
Manager – Valuations & Advisory Services

Page 7

## 9.2 Valuation Summary (continued)



5 April 2005

Ref: V:\2005 Valuations\W05-1228\W05-1228POS.doc

Mr Stuart Price  
Executive Director – Property  
Aspen Group Limited  
Level 8, Septimus Roe Square  
256 Adelaide Terrace  
PERTH WA 6000

Savills (WA) Pty Ltd  
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40 The Esplanade  
Perth WA 6000  
T +61 (0)8 9488 4111  
savills.com.au

Dear Mr Price,

**RE: CHAMPION DRIVE SHOPPING CENTRE, ARMADALE, WA**

We refer to your letter of instruction dated 24 March 2005 seeking a valuation of the above property as at 30 June 2005 for potential acquisition and for inclusion in a Product Disclosure Statement, as well as for mortgage security purposes. The report is to be relied upon by Aspen Group Limited, National Australia Bank as mortgagee and Aspen Funds Management Limited as Responsible Entity for the Aspen Diversified Property Fund.

This summary letter has been prepared for inclusion in the Explanatory Memorandum / Product Disclosure Statement ("PDS") for Unitholders. Parties seeking detailed information of our valuation should refer to our full valuation report held by the Responsible Entity.

### **Brief Description**

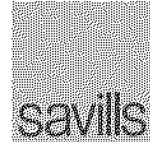
The subject property comprises a modern neighbourhood classified shopping centre constructed in 1999, on a site of 2.041 hectares. The major tenant is a Coles Supermarket of 2,500 m<sup>2</sup> with an additional 11 specialties and 2 ATMs. The interest which we have valued comprises the unencumbered freehold interest subject to the existing tenancies. The building is constructed basically in a rectangular shape with the 11 existing specialty tenancies (plus 2 ATMs) principally positioned around the perimeter of the building envelope and the main anchor Coles Supermarket tenancy accessed internally via a mall incorporating two specialty tenancies.

Carparking for approximately 330 vehicles is positioned to both the Champion Drive and Seville Drive frontages. Vehicle access is available via two points each from both Champion and Seville Drives respectively.

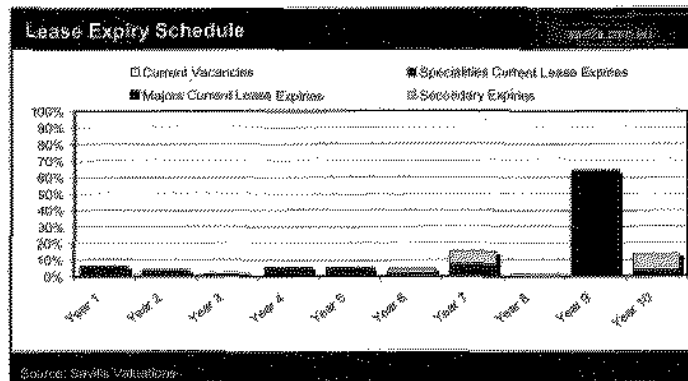
### **Tenancy Overview**

As at the date of valuation the property is 96% leased with the sole major tenant, Coles (63.45% of GLAR) having a relatively long unexpired lease term until March 2014. In addition there are a total of 11 additional specialty tenancies and two ATM tenancies currently within the centre. Of the 11 specialty tenancies, Shop 1 is currently vacant and available for lease, which represents a current vacancy factor of 3.85% of gross lettable area. Nine of the specialty leases are on a net basis, with the lessee to pay their proportion of statutory and variable outgoings, based on a proportionate area basis. There are 4 gross leases including the ATM's.

## 9.2 Valuation Summary (continued)



The lease expiry profile for the specialty tenancies is greatest in year 7 of our cash flow and does not rise above 6.5% of the GLAR in any of the preceding years. Consequently the lease expiry profile for the centre is considered healthy.



### Coles Performance

The Coles tenancy currently has an occupancy cost of around 2.37% and a total gross rental commitment reflecting \$188.89 /m<sup>2</sup> both of which are within accepted market parameters. The sales turnover on an Moving Annual Turnover (MAT) basis has seen strong growth over the last four financial years at an average of around 6% per annum.

### Outgoings and Capital Expenditure

We have benchmarked the outgoings in the centre with a number of shopping centres in Western Australia. Outgoings in these centres range from \$47/m<sup>2</sup> to \$99/m<sup>2</sup>, with an average of \$76.83/m<sup>2</sup>. On this basis therefore, total outgoings for the subject property equating to \$81.05/m<sup>2</sup>, are considered to lie within normal market parameters.

The centre was completed in mid 1999 and it is of modern construction and has been well maintained. We do not therefore envisage any significant capital expenditure over the next few years and an annual sinking fund allowance equivalent to \$5 /m<sup>2</sup> of GLAR has been allowed for from year 3 onwards in the cash flow.

### Market Overview

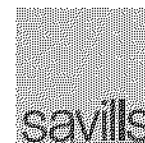
The retail property sector has consistently outperformed office and industrial property over the past 18 years. However, the sector's ability to produce strong returns on capital is not its true strength – the true strength of the sector lies in its ability to ride economic downturns largely unscathed. Demand for retail investment property continues to very strong.

### Critical Assumptions

The subject property is being purchased by Aspen Funds Management Limited as Responsible Entity for the Aspen Diversified Property Trust and will be included in a Public Disclosure Document by the Trust. The purchase of the asset is being made on the basis of several key assumptions and guarantees being in place and we have been instructed to account for these in our valuation. We list the most pertinent of these assumptions as follows:

- The rental for the vacant Shop 1 is guaranteed at \$265 /m<sup>2</sup> (net) for a 12 month period.

## 9.2 Valuation Summary (continued)



- It is assumed that the Pharmacy tenancy (Shop10) obtains the necessary licence to trade as a pharmacy and that the 10 month rent free period is paid out by the Vendor.
- The turnover for the Coles tenancy (and the corresponding percentage rental) is guaranteed at a level of \$20,000,000 for a 24 month period from the date of valuation. This results in an annual estimated percentage rent receipt of \$37,487 per annum. The current forecast percentage rent (actual) for the year to January 2005 is in the order of \$12,087.
- Any additional value / liability attributable to the pad sites (subject to a ground lease) are to be ignored in the valuation.

Should any of the above assumptions not eventuate as part of the proposed sale at the date of valuation we reserve the right to reassess the values stated in this report.

### Valuation Analysis

The valuation has been determined by reconciliation between the Discounted Cash Flow (DCF) approach, Direct Comparison approach and the Capitalisation of Net Income approach.

We have assessed the majority of passing rentals achieved within the centre to be at market levels. We have adopted the following core assumptions in preparing our valuation analysis:

Average Compound Growth:	Rent Majors: 2.27%, Rent Specialties: 3.77%, Outgoings: 2.77%
Letting Up:	6 mths @ 65% retention
Incentives:	5% over 10 year DCF horizon
Capitalisation Rate Range:	8.00% to 8.50%
Discount Rate:	10.25%
Terminal Yield:	8.25%
IRR:	10.26%
Equated Market Yield:	8.41%
\$Rate/m <sup>2</sup> of GLAR:	\$1,929 /m <sup>2</sup>

### Valuation Summary

We assess the market value of the freehold interest in the subject property, subject to the existing tenancies and specifically the critical assumptions detailed above, as at 30 June 2005 and subject to the details and qualifications contained within our full report, to be as follows:

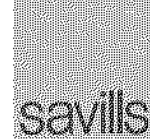
**\$7,600,000\***  
**(Seven Million Six Hundred Thousand Dollars)**

*\*this amount is exclusive of GST*

### DCF Qualifications

We draw your attention to the fact that the DCF analysis is based on projections considered in the light of available data. However, market conditions will change over time influenced by internal and external factors against which a review of assumptions may be warranted. For this reason, we stress that reliance upon such projections must be made with full acceptance of their limited reliability and with due consideration of the commercial risks related to such forecasts. In particular, we stress the DCF exercise referred to herein has been undertaken for the sole purpose of assisting in the determination of the current market value of the property and we make no guarantees or warranty as to the accuracy of future rental income stream projections insofar as they relate to market rental movements.

## 9.2 Valuation Summary (continued)



### **Liability Disclaimer**

Savills has prepared this letter based upon information made available to us at the date of valuation. We believe that this information is accurate and complete, however we have not independently verified all such information. Further liability disclaimers regarding the preparation and reliance of this summary letter and the naming of Savills in the Explanatory Memorandum/PDS are outlined in the Explanatory Memorandum/PDS.

Savills has prepared this summary for inclusion in the Explanatory Memorandum and has only been involved in the preparation of this summary and the valuation referred to therein. Savills specifically disclaim liability to any person in the event of any omission from, or false or misleading statements included in, this memorandum, other than in respect of the Valuation and this summary.

### **Valuers' Interest**

We confirm that Savills (WA) Pty Limited and the appointed Valuer, Mr Mark Foster-Key, do not have any pecuniary interest that would conflict with the proper valuation of the property and the valuation being made independently of Apsen Group Limited and Aspen Funds Management Limited and/or its officers.

Neither the Valuer nor Savills are licensed to provide financial services and the information detailed herein (and the full valuation report) is not intended to provide advice on your investment decision. The Valuer performing this valuation has had in excess of 5 years continuous experience in valuation of property of similar type and is authorised to practise as a valuer in the state of Western Australia.



Savills has been paid a fee of \$4,650 excluding GST to prepare its valuation report

Yours faithfully,

A handwritten signature in black ink, appearing to read "Mark Foster-Key".

Mark Foster-Key AAPI MRICS  
Divisional Director – Valuation and Consultancy  
Certified Practising Valuer  
Licensed Valuer No. 44047  
For the State of Western Australia

## 9.2 Valuation Summary (continued)

	
7 April 2005	<p>Burgess Rawson (WA) Pty Ltd ACN 009 109 648 Licensed Real Estate Agents and Property Consultants 7th Floor 221 St Georges Terrace Perth WA 6000 PO Box 7658 Cloisters Square Perth WA 6850 Telephone (08) 9288 0289 Facsimile (08) 9481 5353 Email perth@brwa.com.au www.burgessrawson.com.au</p> <p>Perth Melbourne Sydney Brisbane Gold Coast Kuala Lumpur Singapore</p>
<p>The Directors Aspen Funds Management Limited Level 8, 256 Adelaide Terrace PERTH WA 6000</p> <p><b>Attention: Stuart Price</b></p> <p>Dear Stuart</p> <p><b>RE: MIDLAND CINEMA COMPLEX AND INTERNATIONAL FOOD HALL STRATA LOTS 1 AND 3, 181 MORRISON ROAD, MIDVALE</b></p> <p>As per your letter dated 23 March 2005, Burgess Rawson has prepared this letter summarising the valuation results from our completed, self contained valuation report dated 8 September 2004 and our updated letter of 24 March 2005. The purpose of our reports was to provide our opinion of market value of the above properties as at 8 September 2004 (original report) and 24 March 2005 update and reinspection. The property was inspected on the dates of 8 September 2004 and 24 March 2005.</p> <p>The value conclusions are subject to the assumptions and limiting conditions contained in each report and reflect all information known and are based upon the most current information available at the time that the valuation was prepared. Burgess Rawson accepts no responsibility for subsequent changes in information as to income, expenses or market conditions. Any subsequent change in lease terms or the terms of the proposed income or rental guarantees which are applicable to each property will also have a corresponding change to the value.</p> <p>We confirm that the valuations have been prepared in accordance with the Corporations Act.</p> <p><b>Reliance on this Letter</b></p> <p>We have prepared this letter summarising our reports and which outlines key factors that have been considered in arriving at our opinions of value. This letter alone does not contain all of the data and support which is included in our reports. For further information, we recommend the reader to review the contents of the complete, self contained report.</p> <p>Burgess Rawson has provided Aspen Funds Management Limited with a valuation of the property. The valuation is a not a guarantee or prediction of the future performance of the property.</p>	
31814 - sllk050406a	<p style="text-align: right;">Page 1</p> 

## 9.2 Valuation Summary (continued)

### *Brief Description of the Property*

The subject property is situated on Morrison Road within the outer metropolitan suburb of Midvale located approximately 15 km north east of the Perth CBD. The Midland town centre is located approximately 1.5 km to the west. The subject property is approximately 150 metres to the west of the Roe Highway intersection which connects Middle Swan Road and Reid Highway providing access through to Perth's northern suburbs and at its southern most extension through to Tonkin Highway.

The area is well serviced in respect to recreation facilities, and is adjacent to the Swan Aquatic Centre and Swan Regional Park and in close proximity to the Speed Dome and associated recreational facilities.

The regional Midland Gate Shopping Centre is located approximately 1 km to the west.

Situated on Strata Lot 1 is a modern seven screen cinema with an estimated Gross Lettable Area of approximately 2,840 square metres having a seating capacity of 1,449 seats plus six food court tenancies with an estimated total net lettable area of some 199.2 square metres (strata area of approximately 392 square metres) with the establishment having a total strata area of approximately 4,500 square metres. Strata Lot 3 comprises a four bedroom, two bathroom brick and tiled home over a strata area of approximately 3,555 square metres.

### *Approximate Areas of Accommodation*

Cinema One	164 persons
Cinema Two	154 persons
Cinema Three	180 persons
Cinema Four	236 persons
Cinema Five	110 persons
Cinema Six	250 persons
Cinema Seven	355 persons
<b>TOTAL</b>	<b>1,449 persons</b>

<b>Strata Lot 1</b>	<b>Strata Areas</b>	<b>Gross Lettable Area</b>
Cinema	3,002 sqm	2,840.8 sqm
Food Hall	392 sqm	199.2 sqm
Additional car parking		1,006 sqm
<b>Total</b>	<b>4,500 sqm</b>	<b>3,040 sqm</b>
<b>Strata Lot 3</b>		
<b>Total Lot Area</b>		<b>3,555 sqm</b>

## 9.2 Valuation Summary (continued)

### *Valuation Rationale*

We have adopted two primary valuation approaches in valuing the subject Lot 1. These are the capitalisation of market rent income and a discounted cash flow approach.

### *Strata Lot 1*

The capitalisation approach involves the assessment of the current passing income from the property as at the date of valuation.

Once this is established the income is treated as a static payment in perpetuity and is capitalised at an appropriate equivalent yield which reflects the risk and potential returns from the property.

Adjustments are made where necessary for under or over renting of the property, letting up allowances and leasing incentives for imminent lease expiries and capital expenditure.

In order to correctly assess the fair market value using the capitalisation method we have considered the current rental levels being paid by the tenants, strength of the tenure and the length of lease terms.

The main leases for the centre have approximately five years to run with the existing Lessee having made a commitment to the proposed cinemas in the Midland Gate Shopping Centre.

We are, however, aware that there are other players in the market place that would look at taking over the complex if Ace were to leave. Therefore, in our modelling we have allowed for the vacating and leasing of the cinema complex. We have also assumed that the GST will be recovered from the tenant starting in 2005.

In considering an appropriate yield for the property, we have had regard to the cinema complexes that have sold or been under offer in the Perth metropolitan area, that is Warwick, Innaloo, Fremantle and Rockingham. The large Warwick Centre which is a Strata Titled entertainment complex and underpinned by Ace Theatres with an 8-plex cinema paying a substantial amount of the rental income of the total property sold in the vicinity of \$12,100,000 in March 1999 showing a yield of approximately 9.09%. The Innaloo complex comprising 16 screens and 6 food outlets sold at \$20,300,000 in December 2001 indicating a yield of 10.2% with the Greater Union providing 77% of the rental income.

In December 2002 the Rockingham Cinema indicated a yield of approximately 11.22% on its offer price. The majority of the rental income was attributed to the Cinema, 89.1% which provided a seating capacity of 1,425 in the 6 auditoriums. The remaining rental was derived from a restaurant and a fun games centre. Eastern state sales are within a narrow capitalisation range of 13.8% to 14% reflecting the specialised nature of the property.

The above evidence would need to be extrapolated to take into account the current market. Probably the best evidence to draw conclusions from is the Malaga Markets, a specialised property that is currently under contract indicating a yield of approximately 11% and discount rate of 13% with a contract price in the order of \$8,750,000.

## 9.2 Valuation Summary (continued)

Based upon the above evidence and taking into consideration the following:-

- level of income
- Price range
- Catchment and demographics
- Historic vacancy and continued use
- Zoning
- Specialised nature of the real estate

We consider an appropriate capitalisation rate to be 11%.

When assessing the appropriate market rental we have had cognisance that the majority of the income is made up from the cinema rental. There are currently approximately 1,449 seats in the seven auditoriums and on the advised cinema income of \$536,821 this equates to \$7.12 per seat per week.

For the subject rental of \$7.12 per seat per week is toward the lower range of the evidence and on balance given the uncertainty we consider reflects the net market rental.

We consider that the current rentals being paid for both the cinemas and most of the food hall tenancies reflect market rentals.

Therefore, based on the above analysis, our modelling reflects an overall market value on the basis of capitalisation of \$5,436,513 which we have rounded to \$5,450,000.

We have also valued the subject property on the basis of discounted cashflow analysis.

This form of analysis allows an investor or owner to make an assessment of the longer term return that is likely to be derived from the property from rental and capital growth over an assumed investment horizon.

Utilising generic software we have also undertaken a discount method of assessment where we have adopted the following rationale:-

- Discount rate 13%
- Capitalisation rate 11%
- Terminal capitalisation rate 11%
- Disposal Costs 1.5%
- Acquisition costs 6%
- Holding period 10 years
- Of those tenancies with CPI reviews we have adopted increases as per the forecast CPI figures.

## 9.2 Valuation Summary (continued)

- Recovery of outgoings as per tenancy schedule
- The model takes into account the "weighted average" of vacancies and allows renewals and letting up

Adopting the above in our model the valued reflected is \$5,383,692 which we have rounded to \$5,400,000.

Taking both methods into account we have adopted a value of \$5,450,000.

### *Lot 3*

In order to value Strata Lot 3 we have had cognisance of vacant commercial sites which have sold throughout the metropolitan area. For the subject land we note its irregular shape, good frontage to Morrison Road and larger site area. As previously given this land is subject to a Main Roads resumption although not within their current 10 year plan. No development can occur over the site.

Therefore the valuation is on the basis that the land to be taken will be fully compensated assuming an alternative zoning allowing retail and commercial use.

The subject land is currently zoned 'Reservation', however based on our assumption and commercial sites which have recently sold throughout the metropolitan area and other sales appended to this report, we consider the site value to be in the order of \$200 per sqm or \$700,000 after rounding.


### Summary

We consider the market values to be as follows:-

Strata Lot 1 – Cinema complex and food hall	\$5,450,000
Strata Lot 3 – Residential House	\$ 700,000

We trust this is suitable for your purposes. Should you require any additional information, please do not hesitate to contact the undersigned.

Yours sincerely

  
**Steven L. Kish**  
**Associate of Australian Property Institute**  
**Certified Practising Valuer**  
**Licensed Valuer No. 498 in WA**  
**Director**

# Section 10

## Additional Information

### 10.1 Summary of Material Agreements

#### 10.1.1 Aspen Liquidity Facility

An agreement has been established between the Manager and Aspen Group (Aspen), whereby Aspen agrees to purchase from Unitholders a minimum of \$250,000 worth of securities in ADPF at the end of each quarter, i.e. periods ending 31 March, 30 June, 30 September, and 31 December.

The agreement is to commence from the date of commencement of ADPF, and will continue until Aspen has acquired a minimum of 15% of the securities in ADPF, or more at the discretion of the Aspen Board of Directors.

The purchase price payable by Aspen for each security will be the redemption unit price at the time less 5%. The Unitholder will be requested to sell their entire holding under this facility, unless the Unitholding is in excess of \$250,000.

Each Investor transferring their Units warrants that the Units being transferred are free from any encumbrance and are legally able to be transferred.

#### 10.1.2 Underwriting agreement between AFM and Aspen

AFM has entered an underwriting agreement with Aspen under which Aspen has agreed to underwrite the minimum subscription amount as stated in this PDS. A copy of the Underwriting Agreement is available at the office of Aspen.

#### Consideration

AGL will be paid a fee of 2% of the minimum subscription amount being 2% of 15,500,000 or \$310,000.

#### Key Terms

- \* Completion of this PDS and inspection to the satisfaction of the Underwriter
- \* The Manager to take full responsibility for the contents of the PDS
- \* The Manager to accept all properly completed applications except where there are any oversubscriptions, unless the underwriter agrees to decline, or as required by law
- \* The Underwriter may lodge or cause to be lodged applications for shortfall Units
- \* The Underwriting agreement to be terminated where:
  - The Manager is in contravention of the Corporations Act
  - The Manager is considering or is to be wound up
  - Threatened legal proceedings of a material nature
  - The Manager enters a scheme of arrangement
  - The Manager having an administrator appointed
  - The Manager commits a material breach of the Underwriting Agreement
  - Any Director of the Manager commits an offence relating to a financial or corporate matter
  - Any material defects in relation to statements, reports, representations, matters or other such things made to the Underwriter in relation to the PDS
  - Any laws or regulations that may substantially affect the financial prospects or position of the Fund
  - A breach under the terms of any borrowing facility that the Fund may have entered
  - The Manager ceases to carry on business
  - Any resolution passed by the Fund to alter its constitution which may have a material adverse effect on the Fund

#### 10.1.3 Contract for purchase of Abernethy Park

AFM as the Responsible Entity for ADPF has entered into a contract for the purchase of the property at 511 Abernethy Park, Kewdale, Western Australia, known as Abernethy Park. Key details of the agreement are:

<b>Date of Agreement</b>	4 March 2005
<b>Purchase Price</b>	\$10.05 million
<b>Conditions Precedent</b>	Satisfactory due diligence of property Completion of Valuation Approval of bank finance Completion of capital raising Vendor to provide rental guarantee for a period of 12 months over any vacant space
<b>Settlement</b>	30 June 2005

#### 10.1.4 Contract for purchase of Riseley Corporate Centre

AFM as the Responsible Entity for ADPF has entered into a contract for the purchase of the property at 135 Riseley Street, Booragoon, Western Australia, known as Riseley Corporate Centre. Key details of the agreement are as follows:

<b>Date of Agreement</b>	4 March 2005
<b>Purchase Price</b>	\$7.3 million
<b>Conditions Precedent</b>	Satisfactory due diligence of property Completion of Valuation Approval of bank finance Completion of capital raising Vendor to provide rental guarantee for a period of 12 months over any vacant space Settlement of the purchase of Garden Town Shopping Centre, Toowoomba by AFM as responsible entity for the Aspen Property Trust which occurred on 4 April 2005
<b>Settlement</b>	30 June 2005

#### 10.1.5 Contract for purchase of Cardno BSD Centre

AFM as the Responsible Entity for ADPF has entered into a contract for the purchase of the property at 2 Bagot Road, Subiaco, Western Australia, known as Cardno BSD Centre. Key details of the agreement are as follows:

<b>Date of Agreement</b>	15 March 2005
<b>Purchase Price</b>	\$5.0 million
<b>Conditions Precedent</b>	Satisfactory due diligence of property Completion of Valuation Approval of bank finance Completion of capital raising Vendor to provide rental guarantee for a period of 12 months over any vacant space
<b>Settlement</b>	On or about 30 June 2005

#### 10.1.6 Contract for purchase of Midland Cinema Complex

AFM as the Responsible Entity for ADPF has entered into a contact for the purchase of the property at 181 Morrison Road, Midvale, Western Australia, known as the Midland Cinema Complex. The vendor of this property is Aspen Group Ltd. Key details of the agreement are as follows:

<b>Date of Agreement</b>	6 April 2005
<b>Purchase Price</b>	\$6.15 million
<b>Conditions Precedent</b>	Aspen Group Ltd will provide a rental guarantee over vacant tenancies to the extent necessary to ensure Unitholders in the Aspen Diversified Property Fund receive a distribution in the first two years of the Fund of 8.75% per annum, subject to a maximum amount of \$90,000 for the year ending 30/6/06 and \$70,000 for the year ending 30/6/07.  Shareholder approval for the sale by Aspen Group Ltd is required.
<b>Settlement</b>	30 June 2005

#### 10.1.7 Contract for purchase of Champion Drive Shopping Centre

AFM as the Responsible Entity for ADPF has entered into a contact for the purchase of the property at the corner of Champion Drive and Seville Drive, Armadale, Western Australia known as Champion Drive Shopping Centre. The vendor of this property is Aspen Group Ltd. Key details of the agreement are as follows:

<b>Date of Agreement</b>	6 April 2005
<b>Purchase Price</b>	\$7.6 million
<b>Conditions Precedent</b>	Aspen Group Ltd will provide a rental guarantee over vacant tenancies to the extent necessary to ensure Unitholders in the Aspen Diversified Property Fund receive a distribution in the first two years of the Fund of 8.75% per annum, subject to a maximum amount of \$100,147 for the year ending 30/6/06 and \$40,147 for the year ending 30/6/07.  Shareholder approval for the sale by Aspen Group Ltd is required.
<b>Settlement</b>	30 June 2005

#### 10.1.8 Loan Facility Agreement

Indicative approval for a loan facility to assist with the acquisition of the Initial Properties has been received.

##### Facility Details

Facility A provides for a fixed loan for a period of between 3-5 years to a maximum 60% loan to value ratio. Facility B provides for a separate standby facility on a short term basis up to a maximum loan to value ratio of 70%.

##### Interest Rate

Flexibility exists to have both fixed and variable interest rates.

##### Key Security item

First registered mortgage over each property of ADPF and a deed of charge over the Responsible Entity in relation to its role for ADPF.

##### Significant conditions

Independent valuation of each property prior to drawdown of the loan.

## 10.2 Summary of Constitution

The rights and obligations of Unitholders and the Manager as Responsible Entity of the Fund are governed by the Fund Constitution and Corporations Act. The Constitution has been lodged with ASIC and establishes the managed investment scheme known as the Aspen Diversified Property Fund.

The following is a summary of the significant provisions contained within the constitution. The summary is not an exhaustive list but focuses on the key provisions likely to be of interest to Investors. Investors may inspect a copy of the constitution at the offices of the Manager.

### Key provisions of the Constitution relate to:

- \* The Manager holding of assets on trust for members;
- \* Rights and obligations attaching to fully paid and partly paid Units;
- \* How Unit prices are determined;
- \* Application procedures for members;
- \* Valuation of assets;
- \* Income and distributions payable to members;
- \* The powers of the Manager to invest and borrow;
- \* Issuing of notices to members;
- \* Meeting of members;
- \* Rights, duties and liabilities of the Manager;
- \* Remuneration and expenses of the Manager;
- \* Duration of the ADPF;
- \* Establishing and operation of the compliance committee;
- \* Amending the Constitution; and
- \* Complaints procedure.

## 10.3 Acquisition of Additional Properties

Where the Manager wishes to acquire Additional Properties on behalf of ADPF, the process to be followed in making such acquisitions will include the following:

- \* Each Additional Property must be capable of achieving comparable long term returns to those being received by Unitholders immediately prior to the acquisition;
- \* The purchase price shall be supported by a written valuation provided by an Independent Valuer;
- \* The Manager may acquire Additional Properties funded initially wholly through debt facilities made available to ADPF, with a requirement that such debt is paid down so that the Fund's overall gearing ratio does not exceed 65% for more than a 12 month period. It is envisaged that the long term average gearing for the Fund will be no more than 55%;
- \* A satisfactory assessment of the condition of any buildings and services located on each Additional Property, together with a satisfactory forecast of the reliability and longevity of those buildings and services;
- \* The Manager shall obtain an independent legal due diligence which, in the reasonable opinion of the Manager, satisfactorily reports that the relevant leases and licenses contain the terms and conditions which one would ordinarily expect to find in those documents in relation to similar properties and do not impose any unduly onerous obligations on the landlord;
- \* The acquisition of each Additional Property shall be subject to the formal approval of the board of directors of the Responsible Entity.

## 10.4 Investor Protection

### Managed Investments Legislation

APDF is registered as a managed investment scheme under the relevant provisions of the Corporations Act, with Aspen Funds Management Ltd ("AFM") as the Responsible Entity to operate the scheme.

### The Custodian

AFM has appointed Perpetual Trustee Company Limited, ACN 000 001 007 ("Custodian") as independent Custodian to ADPF. Perpetual Trustee Company Limited's Australian Financial Services License Number is 236643.

A custody agreement exists between AFM and the Custodian which sets out the details of the relationship between the parties and the rights and obligations of each party.

Perpetual Trustee Company Limited's ("Perpetual") role is limited to holding assets of the Aspen Diversified Property Fund as agent of the Aspen Funds Management Limited. Perpetual has no supervisory role in relation to the operation of the Aspen Diversified Property Fund and is not responsible for protecting Unitholder's interests. Perpetual has no liability or responsibility to Unitholders for any act done or omission made in accordance with the terms of the Custody Agreement.

The Perpetual group is a broadly based provider of financial services, which was established over 118 years ago. The parent company, Perpetual Trustees Australia Limited, is an independent public company which has been listed on the Australian Stock Exchange Limited for almost 40 years. Perpetual Trustee Company Limited is a 100% controlled entity of Perpetual Trustees Australia Limited. Perpetual provides custodian services for more than 300,000 properties in Australia, valued at approximately \$38 billion as at 31 December 2004.

A custody agreement exists between AFM and the Custodian which sets out the details of the relationship between the parties and the rights and obligations of each party. A copy of the custody agreement is available upon request, free of charge.

### The Compliance Plan and Compliance Committee

As required by law, AFM has prepared and lodged with the ASIC, a compliance plan for ADPF which sets out measures that AFM shall apply in operating ADPF to ensure compliance with the Corporations Act and the Constitution. A copy of the Compliance Plan is available upon request, free of charge, from Aspen's offices.

The Compliance Plan identifies the personnel structure of AFM and the duties of AFM as a whole, as well as the duties of each officer and the procedures and systems for AFM to implement concerning various aspects of the management function, including:

- \* The meetings and reports of the Compliance Committee;
- \* The engagement of external service providers;
- \* The safe keeping and inspection of records;
- \* The maintenance and audit of books of accounts;
- \* The valuation of the Property;
- \* Reporting to Unit Holders;
- \* The borrowings of the Trust; and
- \* Handling, collecting and dealing with money received for the Trust.

The Compliance Committee has been established to monitor compliance by AFM with the Compliance Plan and report to AFM on a regular basis regarding its adherence to the Compliance Plan, the Corporations Act and the Constitution.

The Compliance Committee is to report to the ASIC if AFM does not address any issues raised in an adverse report issued to AFM.

The Compliance Committee is currently comprised of the Compliance Manager for AFM and two Chartered Accountants, with two thirds of the Committee being 'external' in accordance with s601JB(2) of the Corporations Act.

#### **The Responsible Entity's financial capacity**

There are strict financial obligations to which a Responsible Entity must adhere under its Australian Financial Services license issued by the Australian Securities and Investments Commission. AFM must maintain a minimum level of net tangible assets (NTA) of 0.5% of scheme property held in all trusts managed by AFM at all times.

In addition, within the minimum NTA requirements, the Responsible Entity must ensure that it meets its cash needs requirement, in that it has sufficient financial resources, or access to sufficient financial resources, to meet all of its operational obligations for a minimum period of 3 months.

In accordance with the Compliance Plan, AFM's financial capacity is monitored at least monthly.

#### **Professional Indemnity and Fraud Insurance**

As at the date of this PDS, AFM has an insurance policy covering professional indemnity, to an amount of \$5,000,000 per annum with an aggregate cap of \$5,000,000 per annum.

#### **Complaints Handling Procedures**

The constitution of ADPF contains provisions which govern the procedures for dealing with complaints by Unitholders. The Responsible Entity has procedures in place to properly consider and deal with any complaints received from Unitholders.

Where a Unitholder has a complaint, at first instance, you should contact the Compliance Manager at AFM on (08) 9220 8400 or write to AFM at PO Box Y3442, East ST Georges Terrace, Perth, WA, 6832.

The Compliance Manager will acknowledge receipt of the complaint and make every effort to resolve the complaint, and will respond in writing.

If the matter is not resolved to your satisfaction, we will provide you with details of an independent body whom we can refer the complaint to.

## **10.5 Consents and Disclaimers**

CB Richard Ellis Pty Ltd has given and not before the date of this PDS withdrawn its consent to being named in this PDS and to the inclusion of its valuation report in the form and context in which their name or report have been included. CB Richard Ellis Pty Ltd has not caused the issue of or in any way authorises this PDS, and takes no responsibility for the issue of this PDS other than its valuation summary.

Burgess Rawson (WA) Pty Ltd has given and not before the date of this PDS withdrawn its consent to being named in this PDS and to the inclusion of its valuation report in the form and context in which their name or report have been included. Burgess Rawson has not caused the issue of or in any way authorises this PDS, and takes no responsibility for the issue of this PDS other than its valuation summary.

Savills has given and not before the date of this PDS withdrawn its consent to being named in this PDS and to the inclusion of its valuation report in the form and context in which their name or report have been included. Savills has not caused the issue of or in any way authorises this PDS, and takes no responsibility for the issue of this PDS other than its valuation summary.

PKF Corporate Advisory Services (WA) Pty Ltd has given and not before the date of this PDS withdrawn its consent to being named in this PDS and to the inclusion of its Independent Accountants Report in the form and context in which their name or report have been included. PKF Corporate Advisory Services (WA) Pty Ltd has not caused the issue of or in any way authorises this PDS, and takes no responsibility for the issue of this PDS other than its Independent Accountants Report.

## 10.6 Disclosure of Interests

The fees AFM may receive (GST exclusive) are shown in Section 8.

Aspen Group and its subsidiaries will receive up to \$13.75 million in consideration for the sale of the Midland Cinema Complex and Champion Drive Shopping Centre to the Fund supported by independent valuations, and a fee of \$310,000 for acting as Underwriter to the Initial Offer. In addition Aspen Group may receive other fees as described in Section 8.

The following directors of AFM, Mr Reg Gillard, Mr Angelo Del Borrello, Mr Gavin Hawkins and Mr Stuart Price, each hold interests in Aspen Group ranging from between 0.37% and 2.02% of the Aspen Group interests.

SageCorp Securities Pty Ltd of which Mr A Del Borrello and Mr G Hawkins are directors is entitled to receive up to 3% on any capital raised under the PDS, and may pay part or all of this to any person who is an Authorised Representative of SageCorp Securities Pty Ltd.

Burgess Rawson (WA) Pty Ltd has prepared a valuation report in respect to the Midland Cinema Complex. In respect of this work Burgess Rawson (WA) Pty Ltd will be paid \$4,441.

CB Richard Ellis Pty Ltd has prepared valuation reports in respect to the properties at Abernethy Park Kewdale, Riseley Corporate Centre Booragoon and 2 Bagot Road Subiaco. In respect of this work CB Richard Ellis Pty Ltd will be paid \$16,500.

Savills (WA) Pty Ltd t/a Savills has prepared a valuation report in respect of Champion Drive Shopping Centre. In respect of this work Savills will be paid \$4,650.

PKF Corporate Advisory Services (WA) Pty Ltd has prepared an Independent Accountant's Report for inclusion in this PDS. In respect of this work PKF Corporate Advisory Services (WA) Pty Ltd will be paid \$15,000.

## 10.7 Labour, Social, Ethical and Environmental Standards

In selecting, retaining or realising investments AFM does not generally take into account labour standards, or social, ethical or environmental considerations. However, AFM may do so to the extent that it believes these matters may affect the performance or value of an investment. AFM does not have a predetermined view as to what constitutes a labour standard or environmental, social or ethical consideration as it will determine this on a case by case basis.

## 10.8 Disclosing entity reporting requirements

During any period in which the number of members in the Fund exceeds 100 the Fund will be a disclosing entity. All disclosing entities are subject to regular reporting and disclosure obligations.

Copies of documents lodged by the Manager with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. You also have the right to request a copy of the most recent annual financial report for the Fund and any half-year report or continuous disclosure notice lodged after the most recent annual report.

## 10.9 Inspection of Documents

The following documents are available at the offices of the Manager for inspection:

- Constitution of ADPF
- Compliance Plan of ADPF
- Valuation Reports referred to in this PDS
- Liquidity Facility Agreement
- Underwriting Agreement

# Section 11

## Glossary

**Acquire** means the Manager has entered into a contract to purchase a property for ADPF

**Additional Properties** means any additional properties purchased by ADPF as part of the investment strategy described in this PDS

**ADPF** means Aspen Diversified Property Fund ARSN 113 493 039

**AFM** means Aspen Funds Management Limited ABN 48 104 322 278

**AFSL** means Australian Financial Services Licence

**ASIC** means the Australian Securities and Investments Commission

**Aspen or Aspen Group** means the stapled listed entity (ASX code:APZ) comprising Aspen Group Ltd (ABN 50 004 160 927) (which includes its wholly owned subsidiary AFM) and Aspen Property Trust (ARSN 104 807 767)

**Australian Stock Exchange ("ASX")** means the principal exchange for the trading in shares, bonds, and certain other securities in Australia

**Compliance Committee** means the committee appointed under the Corporations Act and the Constitution to monitor the Responsible Entity's adherence with the Compliance Plan and to report any breach by the Responsible Entity of the Corporations Act or the Constitution to the ASIC

**Compliance Plan** means the Compliance Plan of AFM

**Constitution** means the Constitution of ADPF dated 15 March 2005 which has been lodged with the ASIC

**Corporations Act** means the Corporations Act 2001 (Commonwealth of Australia)

**CPI** means the consumer price index as published by the Australian Bureau of Statistics

**Custodian** means Perpetual Trustee Company Limited, ABN 42 000 001 007

**First Closing Date** means the date on which sufficient application monies must be received to ensure the settlement of the Initial Properties proceeds

**Fund** means the ADPF

**Gross Property Income** means the aggregate of all moneys received from the tenants and other occupants in respect of the use of the properties

**Initial Offer** means the offer of up to 19,000,000 Units in the Fund (Initial Offer Units) in connection with the purchase of the Initial Properties

**Initial Properties** means the properties to be acquired as detailed in Section 1.4 of this PDS

**Manager** means AFM

**Offer** means the offer of Units pursuant to the PDS

**PDS** means this document which offers investors an opportunity to apply for Units in ADPF

**Responsible Entity or RE** means AFM

**SMSF** means self managed superannuation fund

**Subscription Monies** means the total amount of money invested in ADPF by an Investor

**Subscription Sum** means the price or amount paid or payable by an applicant for each Unit in ADPF

**Trust** means the ADPF

**Unit** means a unit in ADPF representing the Unitholder's proportionate interest in the Fund assets

**Unitholder** means any person or entity whose application for Units in ADPF is accepted and Units allotted in ADPF

**Yield** means the return of income received by investors in ADPF

# Section 12

## Frequently Asked Questions

Question	Answer
How do I make an application?	You must complete the application form, which forms part of this PDS, and forward it with your cheque to the address as stated.
What am I investing in?	The investment is in ADPF, an open-ended unit trust which will own the properties and distribute all net income to Unitholders.
Who is managing the investment?	The investment manager is Aspen Funds Management, who oversees the operation of the investment.
How often will I receive income?	Distributions of income will be paid monthly, one month in arrears.
Will my application monies earn interest?	All application monies will be placed in an interest bearing trust account. Investors will be paid interest at a rate of 5% per annum calculated on a daily basis. Interest will be paid from the day the application is received until the date of settlement of the Initial Properties and will be included in the first distribution payment.
What if my application is made after settlement of the Initial Properties?	Your application money will be held in the proceeds account and will earn interest at the rate of 5% per annum. Units will be issued once funds are required for the settlement of any Additional Properties.
What fees are deducted from my investment?	There are no fees deducted directly from your application money. Fees are paid to a variety of parties as disclosed in the fees and expenses schedule in Section 8 however these are paid from the combined assets and income of the investment.
Can a self managed superannuation fund invest?	Complying superannuation funds are able to participate in the Fund. The Manager expects ADPF to be a widely held investment as defined in Part 8 of the Superannuation Industry (supervision) Act 1993. This will allow a Self Managed Superannuation Fund to participate in the investment under investment rules introduced by the Superannuation Legislation Amendment Act (No 4) 1999.
Are any commissions being paid to financial advisers?	Appropriately licensed Financial Advisers will receive a fee of up to 3% of the amount invested. This fee is payable by the Manager from the Acquisition Fee.
Can I sell my Units once they have been issued?	There is no guaranteed facility to repurchase Units from Unitholders, and no public market for the trading of Units. Each Unitholder is free to sell Units privately to another person. To assist Unitholders the Manager has however entered an agreement with Aspen, who will agree to purchase a minimum number of ADPF Units on a quarterly basis. The Manager may also maintain a register of potential purchasers and sellers of Units where permitted by the Corporations Act.
How will I know what my investment is worth?	The Manager will from time to time have the assets of ADPF valued by an independent valuer which will assist in determining the value of each Unit. The value of each Unit will be calculated in accordance with the formula as set out in the Fund's Constitution.
If I apply for Units when will I receive a holding statement?	The Manager will allot Units immediately prior to the settlement of the Initial Properties and in the future immediately prior to the settlement of any Additional Properties.
When do I start receiving distributions?	Distributions will commence once settlement of the Initial Properties occurs. This is expected to be on 30 June 2005. Distributions will then be paid monthly in arrears with the first distribution due 30 days from the end of the first month following settlement.
What information will I receive once I have invested?	Investors will receive a notice of distribution at least half yearly and an annual summary of tax implications for Unitholders to assist with preparation of individual taxation returns. Unitholders will also receive a report on the Fund at least annually.
Will I have to invest more funds if additional properties are to be acquired?	No. Where additional equity is required to acquire Additional Properties, existing Investors will be invited to purchase more Units but will not be under any obligation to accept the invitation.

# Section 13

## Application Details

Applications must be made on the application form attached to this PDS. This application form must not be handed to another person unless attached to, or accompanied by, the PDS.

Please complete all sections of the application form. The following is a guide to completing the application form. If you have any questions, please phone AFM on Freecall 1800 220 840.

### 13.1 Instructions for Completing the Application Form

#### A. Amount Subscribed

Please insert the AMOUNT you wish to subscribe. Your application must be for a minimum of \$10,000 and thereafter in multiples of \$10,000.

#### B. Investor Details

Please write the FULL NAME you wish to appear on your holding statement in BLOCK LETTERS. This must be either your own name/s or the name of a company. Trustees of a superannuation fund, trust, partnership or minor should also write their name/s in this area and put an account designation at point B. Refer to the table entitled 'Correct Forms of Registrable Names' at Section 13.2.

#### C. Account Designation

Registrations on behalf of a superannuation fund, trust, partnership or minor should indicate an account designation as per the examples in the table entitled 'Correct Forms of Registrable Names' at Section 13.2.

#### D. Tax File Number/s (TFN), Australian Business Number/s (ABN) or Exemptions

Please enter your TAX FILE NUMBER ("TFN"), AUSTRALIAN BUSINESS NUMBER (ABN) if a business account or EXEMPTION CODE/S. Where applicable, please enter the TFN or ABN for each joint applicant. Collection of tax file numbers is authorised by tax law and the Privacy Act 1988. It is not compulsory to provide your TFN. However, if you do not do so, tax will be deducted from your distributions at the top personal rate plus the Medicare levy. For more information about the use of tax file numbers or available exemptions, please read the booklet 'New Tax Rules for Savings and Investments' available from the Australian Taxation Office.

#### E. Contact Details

Enter your MAILING ADDRESS for all future correspondence from the Manager in relation to your holding in the ADPF. Please provide your TELEPHONE NUMBER/S, CONTACT NAME/S and EMAIL ADDRESS in case we need to contact you in relation to your application.

#### F. Payment Details

Insert the details of the cheque/s or money order/s you are enclosing with your application.

Cheques must be crossed 'not negotiable' and made payable to 'ADPF - Proceeds Account'.

Payment must be made in Australian currency. Cheques not properly drawn may be rejected. Please attach your cheque securely to the application form.

#### G. Direct Credit for Distributions

Distributions will only be credited directly to the account you nominate with an Australian financial institution. Please provide full details in the spaces provided. Please ensure that your financial institution account details are correct.

Note: Please READ the declaration on the reverse of the application form before submitting.

## 13.2 Correct Form of Registrable Names

Only legal entities are allowed to hold Units in ADPF. Applications must be in the name(s) of natural persons, companies or other entities acceptable to ADPF. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if requested. Use the symbols < > as shown below to indicate an account designation.

Type of Investor	Application Form Ref.	Correct Form of Application	Incorrect Form of Application
<b>Individuals</b>			
Use given names in full, do not use initials	A	Mr John David Smith	J D Smith
<b>Companies</b>			
Use company name, do not use abbreviations	A	ABC Pty Ltd	ABC P/L or ABC Co
<b>Trusts</b>			
Use trustees personal names or corporate names, do not use name of trust	A	Mrs Joan Susan Smith	Joan Susan Smith
	B	<Joan Susan Smith Family A/C>	Family Trust
<b>Superannuation Funds</b>			
Use name of trustee of the fund, do not use name of the fund	A	Mr John David Smith	John and Joan
	A	Mrs Joan Susan Smith	Superannuation
	B	<Smith Super Fund A/C>	Fund
<b>Partnerships</b>			
Use partners full names, do not use the partnership name	A	Mr John David Smith	Smith and Co.
	A	Mrs Joan Susan Smith	
	B	<Smith and Co A/C>	
<b>Minors (persons under 18)</b>			
Use name of parent or guardian, do not use the name of the minor	A	Mr John David Smith	John Smith Jnr
	B	<John Smith Jnr A/C>	
<b>Clubs/Incorporated Bodies/ Business Names</b>			
Use office bearer names, do not use name of club etc	A	Mr John David Smith	ABC Investors Club
	B	<ABC Investors Club A/C>	

## 13.3 Lodging the Application Form

The completed application form and application money should be forwarded to Aspen Funds Management Limited:

Mail to:  
PO Box Y3442  
East St George's Tce  
PERTH WA 6832

Or deliver to:  
Level 8, Septimus Roe Square  
256 Adelaide Tce  
Perth WA 6000

Enquiries:  
FreeCall 1800 220 840  
Telephone (08) 9220 8400  
Facsimile (08) 9220 8401  
Email [homemail@aspengroup.com.au](mailto:homemail@aspengroup.com.au)

# Aspen Diversified Property Fund

## Application Form

This form should be read in conjunction with the PDS dated 11 April 2005 which contains important information about Aspen Diversified Property Fund and should not be passed on separately from the PDS. Refer to section 13.1 - Instructions for Completing the Application Form.

Please complete all relevant sections within the area indicated in **BLOCK LETTERS**.

### Amount Subscribed

I/We lodge the following application for Units in Aspen Diversified Property Fund.

Total amount applied for \$

Amount enclosed \$

(Applicants may lodge a 10% deposit on application with the balance payable 14 days prior to settlement of the properties)

### Type of Investor

- Individual     
  Joint     
  On behalf of a Superannuation fund  
 Company     
  Incorporated Association     
  On behalf of a Partnership     
  On behalf of a Trust/Child

### Investor Details (A)

#### Individual 1

Mr/Mrs/Miss/Ms/other  Given Name(s)  Surname

Tax File No\*  **Exemption:** Do you have a tax exemption?  Yes  No

\*If you do not supply a Tax File Number or do not have an exemption, tax will be withheld from your distribution at the top marginal rate plus Medicare Levy.

Date of Birth (Day/Month/Year)  /  /  Occupation

#### Individual 2

Mr/Mrs/Miss/Ms/other  Given Name(s)  Surname

Tax File No\*  **Exemption:** Do you have a tax exemption?  Yes  No

\*If you do not supply a Tax File Number or do not have an exemption, tax will be withheld from your distribution at the top marginal rate plus Medicare Levy.

Date of Birth (Day/Month/Year)  /  /  Occupation

### Company/Incorporated Association

ABN/ACN/Registration Number

Name of Company

Tax File No  Contact name

### Account Designation (B)

- Superannuation Fund     
  Family Trust     
  Partnership     
  Minors

Name of Account

Tax File No  Contact name(s)

(Continued on reverse)

# Aspen Diversified Property Fund Application Form (continued)

## Contact Details

Street address or PO Box	<input type="text"/>		
Suburb/town	<input type="text"/>	State	<input type="text"/>
Telephone-(h)	<input type="text"/>	Telephone-(w)	<input type="text"/>
Mobile	<input type="text"/>	Facsimile	<input type="text"/>
Email Address	<input type="text"/>		

## Details of Cheque attached to Application

Drawer	<input type="text"/>	BSB Number	<input type="text"/>	Amount	<input type="text"/>
Drawer	<input type="text"/>	BSB Number	<input type="text"/>	Amount	<input type="text"/>

## Declaration and Acknowledgment

By completing and lodging this application form, I/we declare that:

- I/we have personally received (or accessed an electronic copy) and read and understood the offer document to which this application applies and agree to the offer contained in it and to be bound by the terms of the Constitution.
- The details inserted on the application form are complete and accurate.
- If investing as trustee, on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.

Further, by completing and lodging this application form, I/we acknowledge:

- AFM may accept or reject the application in whole or in part, and AFM has absolute discretion to allocate Units as it sees fit.
- Receiving the Privacy Act collection statement printed below
- I/we have had the opportunity to seek independent professional advice regarding the legal, tax and financial implications of subscribing to the Aspen Diversified Property Fund.
- That authorised investment advisers and stockbrokers are entitled to receive commission. Any commission paid is the responsibility of AFM and is paid by AFM from its own remuneration.

## Privacy Statement

AFM is collecting the information in the application form for the primary purpose of issuing Units in ADPF.

The information will also be used to forward to you periodic information relating to your Investment in ADPF and from time to time provide to you information of a generic or marketing nature relating to Aspen.

This information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants and advisers) for the purpose of administering the investment.

By executing this application form, you provide your consent to AFM to disclose your information to such service providers and to use your information for the purposes referred to above. If you wish to request access to your information or if you have any complaint in relation to the manner in which AFM has handled your information, please contact us. For more information relating to AFM's privacy policy please contact AFM on (08) 9220 8400.

**Financial Adviser/Broker Stamp if applicable**

# Aspen Diversified Property Fund

## Application Form

This form should be read in conjunction with the PDS dated 11 April 2005 which contains important information about Aspen Diversified Property Fund and should not be passed on separately from the PDS. Refer to section 13.1 - Instructions for Completing the Application Form.

Please complete all relevant sections within the area indicated in **BLOCK LETTERS**.

### Amount Subscribed

I/We lodge the following application for Units in Aspen Diversified Property Fund.

Total amount applied for \$

Amount enclosed \$

(Applicants may lodge a 10% deposit on application with the balance payable 14 days prior to settlement of the properties)

### Type of Investor

- Individual     
  Joint     
  On behalf of a Superannuation fund  
 Company     
  Incorporated Association     
  On behalf of a Partnership     
  On behalf of a Trust/Child

### Investor Details (A)

#### Individual 1

Mr/Mrs/Miss/Ms/other  Given Name(s)  Surname

Tax File No\*  **Exemption:** Do you have a tax exemption?  Yes  No

\*If you do not supply a Tax File Number or do not have an exemption, tax will be withheld from your distribution at the top marginal rate plus Medicare Levy.

Date of Birth (Day/Month/Year)  /  /  Occupation

#### Individual 2

Mr/Mrs/Miss/Ms/other  Given Name(s)  Surname

Tax File No\*  **Exemption:** Do you have a tax exemption?  Yes  No

\*If you do not supply a Tax File Number or do not have an exemption, tax will be withheld from your distribution at the top marginal rate plus Medicare Levy.

Date of Birth (Day/Month/Year)  /  /  Occupation

### Company/Incorporated Association

ABN/ACN/Registration Number

Name of Company

Tax File No  Contact name

### Account Designation (B)

- Superannuation Fund     
  Family Trust     
  Partnership     
  Minors

Name of Account

Tax File No  Contact name(s)

(Continued on reverse)

# Aspen Diversified Property Fund Application Form (continued)

## Contact Details

Street address or PO Box

Suburb/town  State  Postcode

Telephone-(h)  Telephone-(w)  Facsimile

Mobile  Email Address

## Details of Cheque attached to Application

Drawer	BSB Number	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>
Drawer	BSB Number	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>

## Declaration and Acknowledgment

By completing and lodging this application form, I/we declare that:

- I/we have personally received (or accessed an electronic copy) and read and understood the offer document to which this application applies and agree to the offer contained in it and to be bound by the terms of the Constitution.
- The details inserted on the application form are complete and accurate.
- If investing as trustee, on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.

Further, by completing and lodging this application form, I/we acknowledge:

- AFM may accept or reject the application in whole or in part, and AFM has absolute discretion to allocate Units as it sees fit.
- Receiving the Privacy Act collection statement printed below
- I/we have had the opportunity to seek independent professional advice regarding the legal, tax and financial implications of subscribing to the Aspen Diversified Property Fund.
- That authorised investment advisers and stockbrokers are entitled to receive commission. Any commission paid is the responsibility of AFM and is paid by AFM from its own remuneration.

## Privacy Statement

AFM is collecting the information in the application form for the primary purpose of issuing Units in ADPF.

The information will also be used to forward to you periodic information relating to your Investment in ADPF and from time to time provide to you information of a generic or marketing nature relating to Aspen.

This information will not be made available to any third party, other than as required by law and to service providers for permitted related purposes (for example, auditors, consultants and advisers) for the purpose of administering the investment.

By executing this application form, you provide your consent to AFM to disclose your information to such service providers and to use your information for the purposes referred to above. If you wish to request access to your information or if you have any complaint in relation to the manner in which AFM has handled your information, please contact us. For more information relating to AFM's privacy policy please contact AFM on (08) 9220 8400.

**Financial Adviser/Broker Stamp if applicable**

# Aspen Diversified Property Fund

## Application Form

This form should be read in conjunction with the PDS dated 11 April 2005 which contains important information about Aspen Diversified Property Fund and should not be passed on separately from the PDS. Refer to section 13.1 - Instructions for Completing the Application Form.

Please complete all relevant sections within the area indicated in **BLOCK LETTERS**.

### Amount Subscribed

I/We lodge the following application for Units in Aspen Diversified Property Fund.

Total amount applied for \$

Amount enclosed \$

(Applicants may lodge a 10% deposit on application with the balance payable 14 days prior to settlement of the properties)

### Type of Investor

- Individual     
  Joint     
  On behalf of a Superannuation fund  
 Company     
  Incorporated Association     
  On behalf of a Partnership     
  On behalf of a Trust/Child

### Investor Details (A)

#### Individual 1

Mr/Mrs/Miss/Ms/other  Given Name(s)  Surname

Tax File No\*  **Exemption:** Do you have a tax exemption?  Yes  No

\*If you do not supply a Tax File Number or do not have an exemption, tax will be withheld from your distribution at the top marginal rate plus Medicare Levy.

Date of Birth (Day/Month/Year)  /  /  Occupation

#### Individual 2

Mr/Mrs/Miss/Ms/other  Given Name(s)  Surname

Tax File No\*  **Exemption:** Do you have a tax exemption?  Yes  No

\*If you do not supply a Tax File Number or do not have an exemption, tax will be withheld from your distribution at the top marginal rate plus Medicare Levy.

Date of Birth (Day/Month/Year)  /  /  Occupation

### Company/Incorporated Association

ABN/ACN/Registration Number

Name of Company

Tax File No  Contact name

### Account Designation (B)

- Superannuation Fund     
  Family Trust     
  Partnership     
  Minors

Name of Account

Tax File No  Contact name(s)

(Continued on reverse)

# Aspen Diversified Property Fund Application Form (continued)

## Contact Details

Street address or PO Box

Suburb/town  State  Postcode

Telephone-(h)  Telephone-(w)  Facsimile

Mobile  Email Address

## Details of Cheque attached to Application

Drawer	BSB Number	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>
Drawer	BSB Number	Amount
<input type="text"/>	<input type="text"/>	<input type="text"/>

## Declaration and Acknowledgment

By completing and lodging this application form, I/we declare that:

- I/we have personally received (or accessed an electronic copy) and read and understood the offer document to which this application applies and agree to the offer contained in it and to be bound by the terms of the Constitution.
- The details inserted on the application form are complete and accurate.
- If investing as trustee, on behalf of a superannuation fund or trust I/we confirm that I/we am/are acting in accordance with my/our designated powers and authority under the trust deed. In the case of a superannuation fund, I/we also confirm that it is a complying fund under the Superannuation Industry (Supervision) Act.

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**Financial Adviser/Broker Stamp if applicable**

**Manager and Responsible Entity**

**Aspen Funds Management Limited**

ABN 48 104 322 278

**Directors**

Angelo Del Borrello

Reg Gillard

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1 Castlereagh Street

Sydney NSW 2001

**Independent Accountants**

PKF Corporate Advisory Services (WA) Pty Ltd

Level 7

28 The Esplanade

Perth WA 6000

Investor Enquiries Freecall 1800 220 840



**ASPEN**  
**GROUP**