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ASX ANNOUNCEMENT 28 May 2020

Aspen Group - Equity Raising

Aspen Group (which comprises Aspen Group Limited and Aspen Property Trust) (ASX: APZ) (**Aspen**) is pleased to announce that it intends to raise \$20 million through an institutional Placement and Security Purchase Plan (together, the **Equity Raising**).

Rationale

The Equity Raising strengthens Aspen's balance sheet, providing capital for the recently announced Burleigh Heads and Newcastle acquisitions, and associated development spend, as well as providing flexibility to continue to grow its business and portfolio. Aspen has entered into contracts for the two properties for a total purchase price of \$7.4 million (including acquisition costs) and we expect to spend an additional \$4.5 million on development and refurbishment works shortly after settlement.

Asset	Location	Total Cost (e)	Final Units (e)	Net Yield on Completion
Burleigh Heads Residential Build to Rent	SE QLD	\$7.2m	18	4.5-5.0%
Cooks Hill, Newcastle Co-Living Community	NSW	\$4.7m	41	4.5-5.0%



Burleigh Heads Residential Build to Rent



Cooks Hill, Newcastle Co-Living Community

On completion of the Equity Raising and the acquisition and development of these properties, Aspen's pro forma Loan to Value (LTV) ratio would be 24% (well below debt facility covenant of 50%) and it would have approximately \$25 million in undrawn debt facilities to pursue additional acquisition and development opportunities.

David Dixon, Joint CEO of Aspen Group said "Aspen's fully integrated ownership, operating and development platform will be leveraged to maximum advantage in these latest acquisitions. Both properties will be improved through redevelopment and attracting a diversity of tenants in these attractive metropolitan locations. The equity raising positions us well to continue to grow our business of providing quality accommodation on competitive terms to our residential, retirement and short stay customers."

Equity Raising

The Equity Raising consists of a Placement to raise \$17 million and Security Purchase Plan (SPP) to raise a further \$3 million¹.

New securities issued under the Placement and SPP will rank equally with existing securities and will be entitled to the full distribution for the six months ending 30 June 2020, expected to be 3.25cps.

The Equity Raising is fully underwritten by Moelis Australia Advisory Pty Limited.

Pricing

The Placement will have an issue price of \$1.10 per security which represents:

- a 7.9% discount to last close of \$1.195 on 27 May 2020
- implied FY20 distribution yield of 5.5%

Security Purchase Plan (SPP)

Following completion of the Placement, Aspen will offer eligible security holders in Australia and New Zealand the opportunity to participate in the SPP. Eligible security holders will be invited to subscribe for up to a maximum of \$30,000 of additional securities, free of transaction and brokerage costs. The SPP is expected to raise \$3 million¹.

The issue price of securities issued under the SPP will be the lower of \$1.10 per security or the VWAP of APZ securities traded on the ASX over the five trading days up to and including the closing date of the SPP (adjusted for trading ex-distribution if applicable), discounted by 2.5%.

¹ Aspen may (in its absolute discretion), in a situation where total demand exceeds \$3.0 million, decide to increase the amount to be raised under the SPP or apply a scale back.

Financial impact

The financial impact of the placement is:

- FY20 earnings guidance maintained at 6.75 – 7.00 cents per security
- FY20 distribution guidance maintained at 6.00 cents per security
- Pro forma LTV of 24% well below the associated debt covenant of 50%
- Pro forma NAV per security of \$1.13

Indicative Timetable

Key event	Date
Record date for SPP	Wednesday, 27 May 20
Trading halt and announcement of the Equity Raising	Thursday, 28 May 20
Placement bookbuild	Thursday, 28 May 20
Trading halt lifted	Friday, 29 May 20
Settlement of securities issued under the Placement	Tuesday, 2 June 20
SPP opens	Wednesday, 3 June 20
SPP closes	Wednesday, 24 June 20
APZ stock trades ex-distribution	Monday, 29 June 20
Issue of securities under the SPP	Monday, 29 June 20
Normal trading of securities issued under the SPP	Tuesday, 30 June 20

Further details of the Equity Raising can be found in the attached investor presentation.

END

Announcement authorised by the Board of Aspen Group Limited.

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Equity Raising

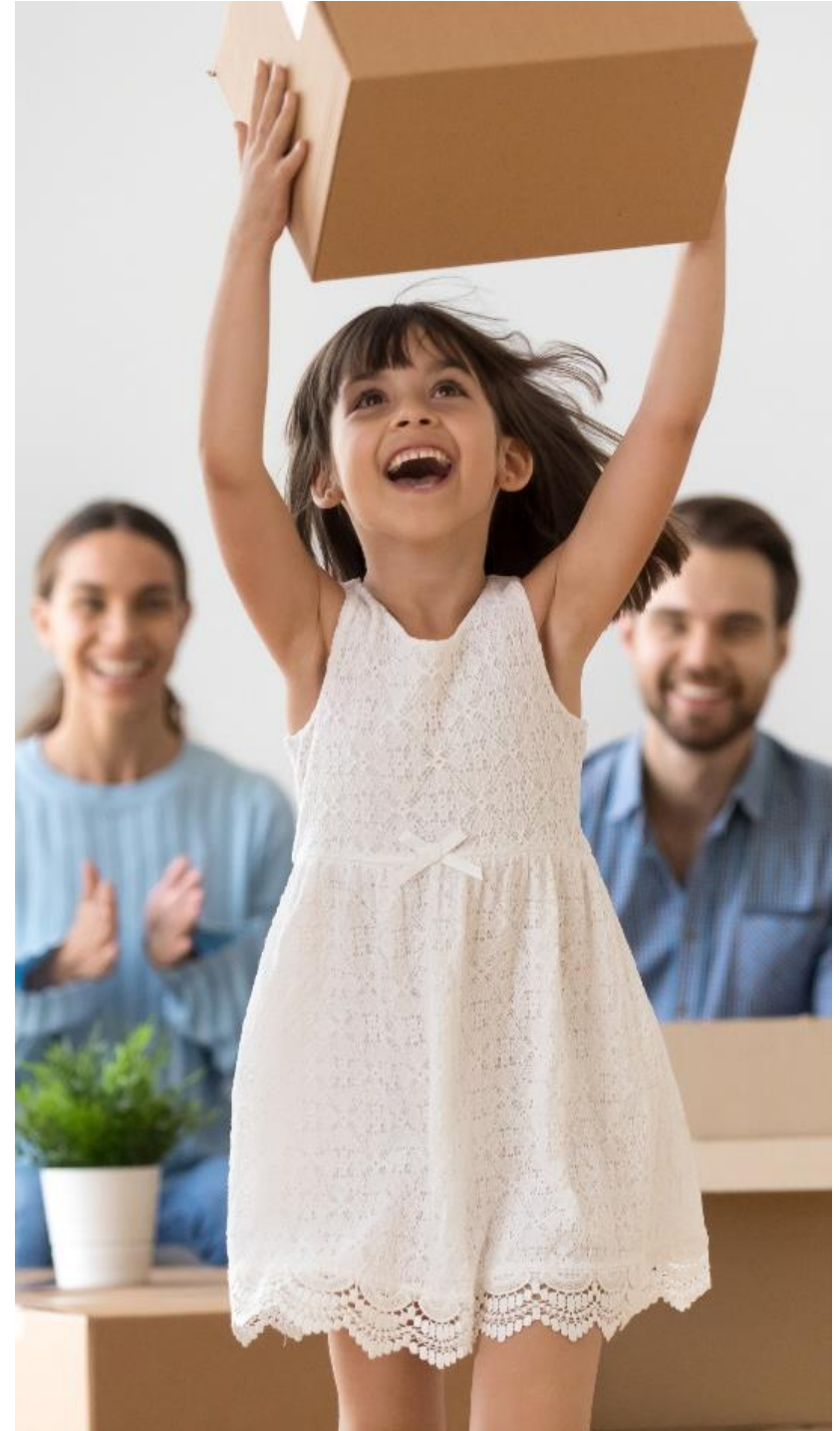
28 May 2020

BIG4 Koala Shores Holiday Park, NSW



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Equity Raising Overview

Equity Raising

- Aspen Group, comprising Aspen Group Limited and Aspen Property Trust (Aspen), intends to undertake a fully underwritten equity raising comprising:
 - An institutional placement to raise \$17 million (the **Placement**)
 - A Security Purchase Plan to raise \$3 million¹ (the **SPP**) (together with the Placement, the **Equity Raising**)
- Securities will be issued under the Placement at a price of \$1.10 per security, representing a 7.9% discount to last close of \$1.195 on 27 May 2020.
- Securities issued under the SPP will have an issue price of the lower of \$1.10 per security or the VWAP of APZ securities traded on the ASX over the five trading days up to and including the closing date of the SPP (adjusted for trading ex distribution if applicable), discounted by 2.5%
- Securities issued under the Equity Raising will be entitled to the final distribution for FY20, expected to be 3.25cps
- The Equity Raising represents 19% of the pre-Placement securities on issue (including part of the 10% additional placement capacity approved at the AGM by securityholders)

Rationale

- The Equity Raising strengthens Aspen's balance sheet, providing capital for the recently announced Burleigh Heads and Newcastle acquisitions and associated development spend, as well as providing flexibility to continue to grow the business and portfolio
- Management believes there will be greater opportunities to acquire suitable properties at attractive prices in the changed economic environment

Acquisitions

- Aspen has entered into agreements to acquire two quality accommodation assets for a total purchase price of \$7.4 million (including acquisition costs), with an additional \$4.5 million of expected development cost

Asset	Location	Total Cost (e)	Strategy	Final Units (e)	Net Yield on Completion
Burleigh Heads Residential Build to Rent	SE QLD	\$7.2m	Complete development and lease	18	4.5-5.0%
Cooks Hill, Newcastle Co-Living Community	NSW	\$4.7m	Complete refurbishment and lease	41	4.5-5.0%

Financial Impact

- Pro forma 31 December 2019 LTV of 24%^{2,3} (significant headroom to banking covenant LTV of 50%)
- Approximately \$25 million³ in undrawn facilities
- Pro forma NAV of \$1.13 per security³
- FY20 earnings guidance maintained at 6.75 – 7.00 cents per security
- FY20 distribution guidance maintained at 6.00 cents per security

1. Aspen may (in its absolute discretion), in a situation where total demand exceeds \$3.0 million, decide to increase the amount to be raised under the SPP or apply a scale back

2. LTV is defined as (total borrowings less cash) divided by total property value

3. Assumes the acquisition and development of Burleigh Heads and Newcastle properties proceed as expected

Investment Highlights

1

Aspen seeks to provide quality accommodation on competitive terms to its customers whilst also generating attractive investment returns for securityholders

2

Aspen's portfolio is demonstrating its defensive and resilient nature:

- Diversified portfolio by location, property type, tenants, regulatory regime, ownership scheme
- Relatively low rents that are well supported by household incomes and government subsidies
- Minimal development risk

3

Aspen has reinstated FY20 earnings and distribution guidance despite the negative impacts of bushfires over summer and COVID-19:

- Underlying EPS of 6.75-7.00 cents – up at least 31% on FY19
- DPS of 6.00 cents – up 20% on FY19

4

Equity raising provides balance sheet flexibility to continue to fund the growth of the business and portfolio both organically and through attractively priced acquisitions:

- Pro forma LTV reduces to 24% with \$25m of available undrawn debt under existing facilities
- Expect to see increasing opportunities in the new economic environment

5

Increased relevance of APZ on the ASX leading to more scale and liquidity for securityholders



Acquisitions



Burleigh Heads Residential Build to Rent

Aspen has entered into a conditional contract to acquire a quality residential community development in Burleigh Heads through a mortgagee in possession sale

Description

- Location: 4 Fleay Court, Burleigh Heads, South East QLD
- Land: Freehold, c.1 hectare, currently single title
- Dwellings: 18 already built townhouses with 2-3 bedrooms, 2 bathrooms and 2 car garages averaging 244sqms - suitable for large families and co-living

Pricing

Expected total acquisition and development cost of \$7.2m:

- \$400k per dwelling
- \$1,640psm of gross building area

Estimated Net Yield on Completion: 4.5-5.0%

Strategy

- Extended settlement timeframe of several months allows pre-planning and positioning during COVID-19 event
- Complete development
- Lease on competitive terms
- Retain single title to reduce operating costs (STCA) and maximise yield
- Potential strata and sale of individual townhouses



Cooks Hill, Newcastle Co-Living Community

Aspen has entered into a contract to acquire a residential building located in Newcastle through a liquidator's sale

- Location: 82 Parkway Avenue, Cooks Hill, NSW
- Land: Freehold – 1,948 square metres
- Building: 3 levels totalling c.1,500 sqm floorspace

Pricing

Expected total acquisition and development cost of \$4.75m:

- \$116k per unit (41-unit scheme)
- \$3,167psm of gross building area

Estimated Net Yield on Completion: 4.5-5.0%

Strategy

- Leverage Aspen's platform and skills in operating and developing communities with varied lease duration (long and short stay)
- Complete refurbishment - change mix of unit types by combining some units and adding en-suites, and enhance shared communal facilities in order to improve the community and diversify the tenant base
- Lease on competitive terms - low end of Newcastle market
- Longer term development into higher and better use





Business Model and Update



Aspen's Business Model

Aspen is a fully integrated owner, operator and developer of quality accommodation at competitive prices in the residential, retirement and short stay sectors

We operate at the more affordable end of Australia's \$7 trillion residential markets

We offer products and services under different regulatory regimes and ownership schemes - examples:

- Dwellings for rent - freestanding houses, apartments, cabins in mixed-use parks
- Land leases - lifetime leases in retirement communities and shorter term leases in mixed-use parks

Traits that Aspen seeks in properties it acquires:

- Desirable locations – particularly metropolitan
- Large land parcels that are under-utilised
- Existing buildings / dwellings priced at below replacement cost that can be refurbished / repurposed
- Land and development cost at the low end of (or below) local competition
- Competitive operating costs (e.g. tax incentives / subsidies)
- Flexibility / optionality
- Potential for higher value use over time

Increasing Property Value

Camping



Cabins



Manufactured Homes



Residential Homes



Apartments

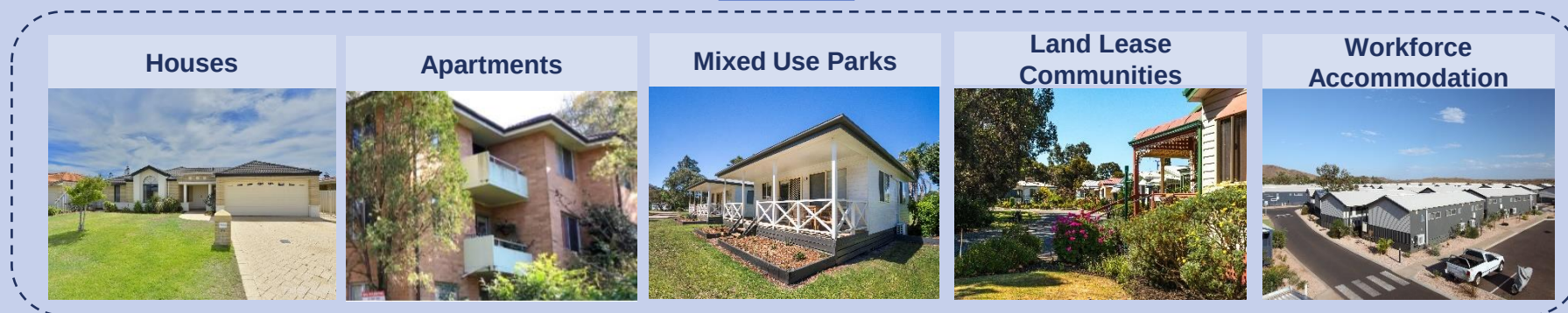


Aspen's Portfolio Value and Competitive Rents



As at December 2019:

Portfolio Book Value	\$160m
Number of Dwellings/Sites	2,183
Average Value per Dwelling/Site	\$73k
WACR	8.2%



	Houses	Apartments	Mixed Use Parks	Land Lease Communities	Workforce Accommodation
Average Value per Dwelling/Site	\$251k	\$222k	\$60k	\$85k	\$61k
Average Weekly Rent (Medium/Long Term)	\$346	\$200 ¹	\$244	\$169	NA

1. Includes residents under Retirement Village leases at below-market rent

Business Update and Reinstatement of Guidance

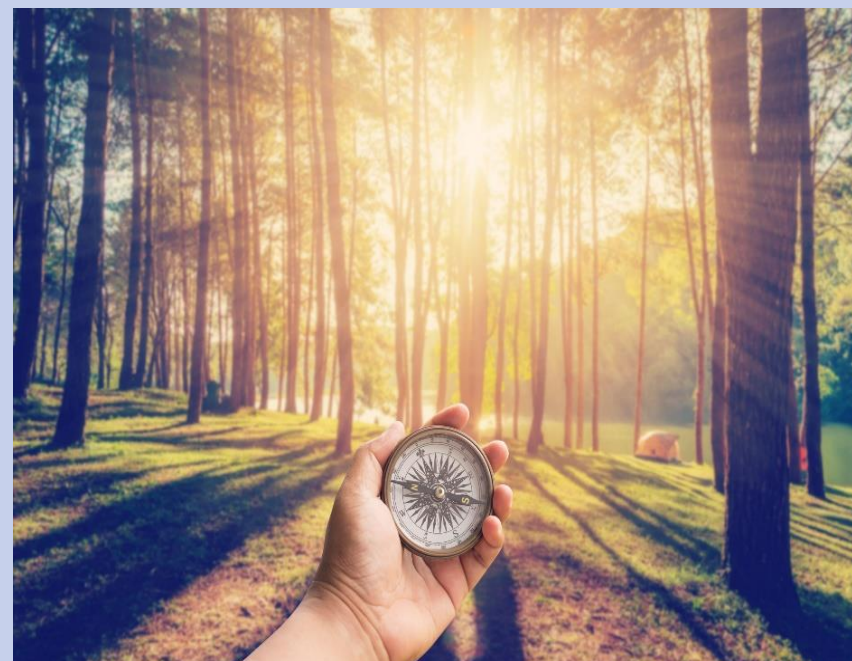
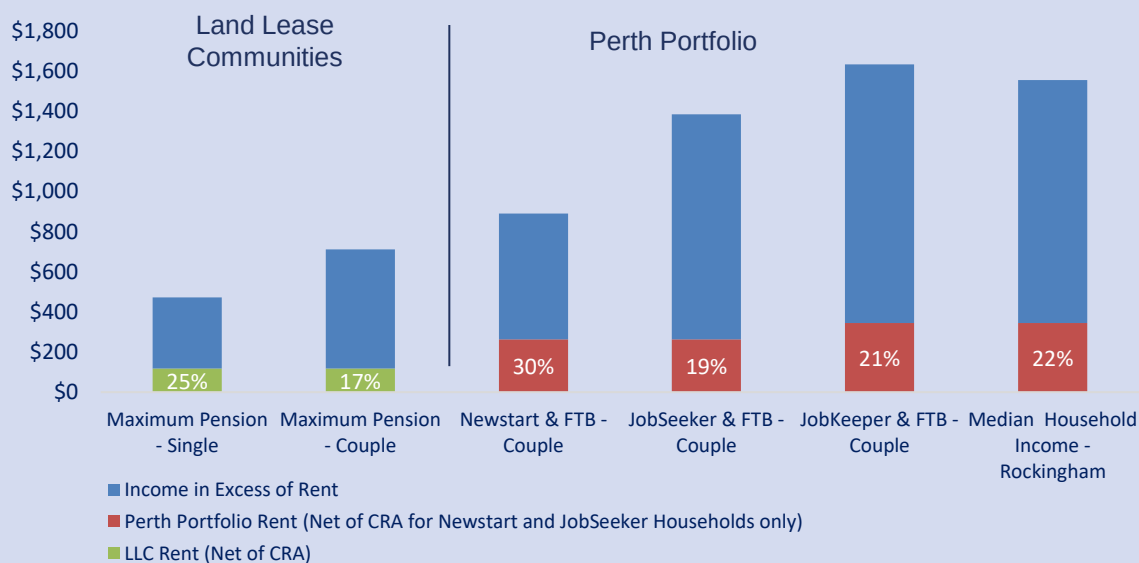
On 23 March as the negative impacts of COVID-19 became evident, Aspen withdrew its FY20 guidance.

Despite the very challenging economic conditions since, management and government initiatives have underpinned Aspen's business and we have reinstated FY20 underlying earnings and distribution guidance of 6.75-7.00cps and 6.00cps respectively.

We have made very good progress to date:

- Underlying earnings were around guidance for the 10 months to 30 April 2020, despite COVID-19 impacts from mid March and the NSW South Coast bushfires over summer which materially impacted profits at our Barlings Beach and Tween Waters parks (we have submitted insurance claims totalling over \$500k and we are awaiting a formal response from our insurers)
- Rents for our longer term dwellings and sites are at the lower end of their markets and are supported by the Government's JobKeeper, JobSeeker and Commonwealth Rent Assistance schemes – to date only a few residents have requested rent relief and arrears have not increased materially

Aspen Average Rents v. Household Income Levels (\$ per week)



CRA: Commonwealth Rent Assistance – assumes Pensioner, Newstart and JobSeeker households receive CRA which is netted against gross rent

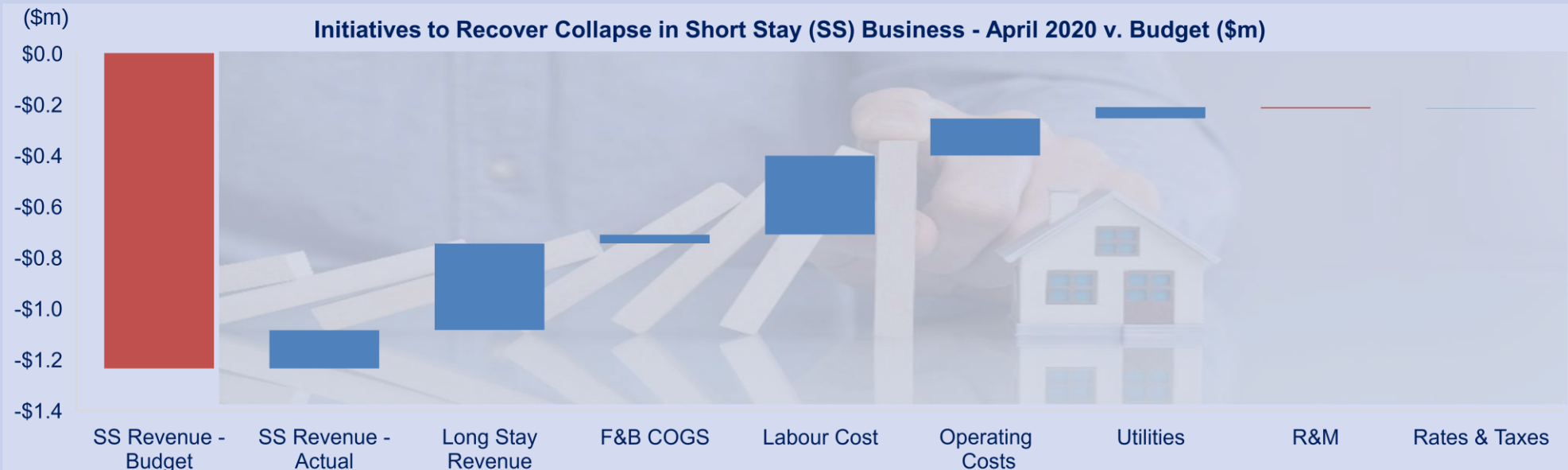
FTB: Family Tax Benefit Part A and Supplement for family with 3 young children – assumes maximum for Newstart and JobSeeker households and base rate for JobKeeper households (included in Median Income)

Business Update – Adaptable Business Model

We have been able to satisfy Woodside's requirement for exclusive use of Aspen Karratha Village (AKV) so that the added complexities of housing FIFO workers during COVID can be appropriately managed – this was enabled by our Darwin Freespirit Resort Manager and several of his team temporarily relocating to Karratha due to a shortage of labour in the region

The short stay component of our business was expected to generate revenue of about \$1.1m per month on average at this time of year. Tourism was severely disrupted in April and May, however:

- Essential workers were still being accommodated at some parks, particularly Highway 1 in Adelaide, and we are beginning to see a pickup in tourist bookings in some locations
- Traditional short stay cabins are being offered for Longer Stays - 192 cabins leased to date (55% of available cabins) at an average of \$244 per week – we have retained the right to increase rates in the high seasons and the flexibility to rotate back to short stay guests when conditions improve
- Variable labour costs have been reduced materially – nearly all of our longer term casual employees have been kept on the payroll and are being subsidised under the JobKeeper program (they would have received minimal hours of work and pay in the absence of this scheme)
- Other variable costs have declined (eg. energy, administration, marketing)
- We continue to invest in the upkeep of the properties through R&M



Business Update - Development Risks Mitigated

Development exposure is limited:

- Settlements at Four Lanterns have slowed and development profit will fall short of expectations for FY20, however we have recently:
 - Entered into contracts for the sale of two new houses to be installed in late FY20 / early FY21 - prices of \$415k (new high) and \$363k, with substantial deposits
 - Purchased two old houses at minimal cost, which frees up these sites for new houses, illustrating one of the benefits of owning mature communities
- Stage 1 of Sweetwater Grove (Tomago) is underway and we have decided to pursue a land lease model:
 - Maximum new capital is limited to \$5-6m
 - Aiming to sell houses at c.\$220k price point which is highly competitive for the Newcastle region

Corporate overheads have been reduced further and interest rates are lower.



Business Update – Balance Sheet

Aspen's property values are generally supported by:

- Accommodation being a basic necessity
- Relatively low rents that are not inflated by incentives and are well supported by residents' income and government subsidies
- Adaptable and alternative uses (eg. switching between short stay and long stay customers or dwelling rentals and land leases; development into higher value uses)
- Discount to replacement / production cost
- High yield relative to interest rates

Property revaluations for 30 June 2020:

- External revaluations of Mandurah Gardens (+\$1.5m), Adelaide Caravan Park (+\$0.9m) and Darwin Freespirit Resort (still in progress – income has declined)
- Remainder of portfolio will be subject to the usual Director valuation process

Aspen has a legacy lease over office space in Perth that expires in 2022 and all of this space is subleased to two corporate tenants. The smaller tenant is seeking rent relief and Aspen will provide it to the extent that it can be recovered from the landlord

Debt is manageable:

- Entirely bank debt, expiring in November 2022
- Pro forma LTV of 24% assuming completion of Placement (50% covenant)
- ICR expected to be over 5x for FY20 (2x covenant)

Interest rate exposure is limited:

- Prior to Placement, 55% of interest rate (BBSW) exposure is floating and 45% has been hedged to January 2023 at 81bps

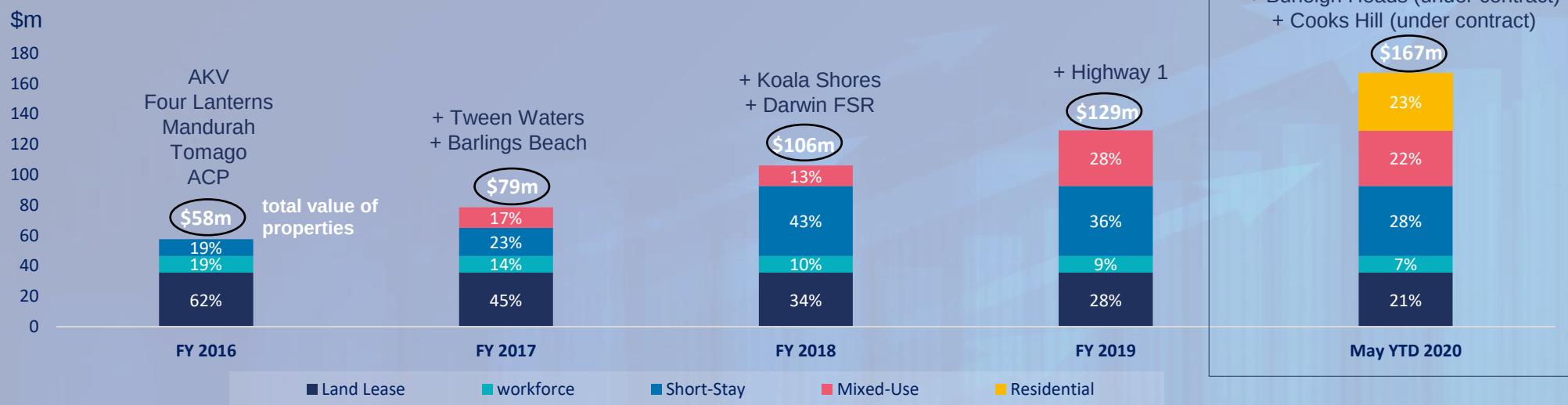


Barlings Beach Holiday Park – cabin leased for longer stays...

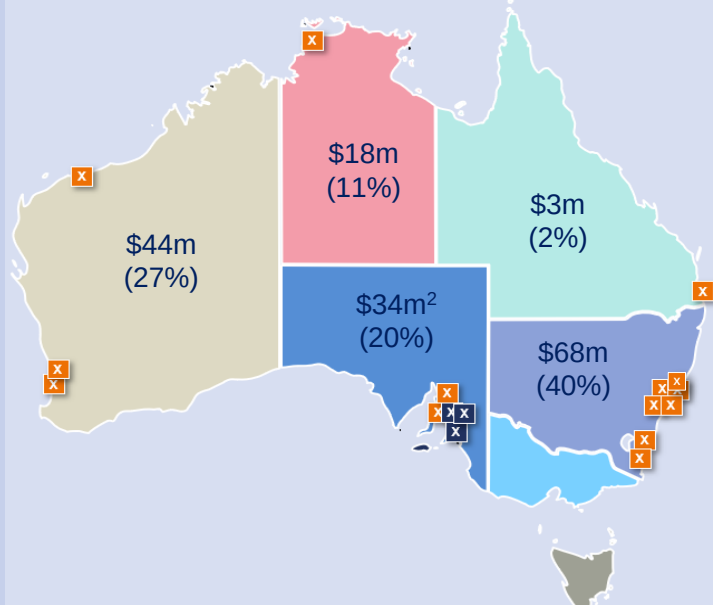


Aspen's Portfolio Growth

Portfolio Composition¹ and Acquisition History



Location of Portfolio¹



Property Type by Location¹



1: Value weighted based on book values at 31 Dec 2019, also includes Burleigh Heads and Cooks Hill acquisitions at cost - both are currently under contract

2: Excludes value of CREST, Rockleigh and Coorong Quays which are managed by Aspen Group and owned by Funds



Equity Raising



Placement and SPP

Placement

- Placement intended to raise \$17 million
- Placement price of \$1.10 per security, representing a 7.9% discount to last close of \$1.195 on 27 May 2020
- The Placement represents 16% of the pre-Placement securities on issue

Ranking

- New securities issued pursuant to the Placement will be fully paid and rank equally with existing Aspen securities and will be entitled to the distribution for the six months ending 30 June 2020 which is expected to be 3.25cps (ex-distribution 29 June 2020)

Underwriting

- Moelis Australia Advisory Pty Ltd is acting as Lead Manager, Underwriter and Bookrunner in relation to the Equity Raising

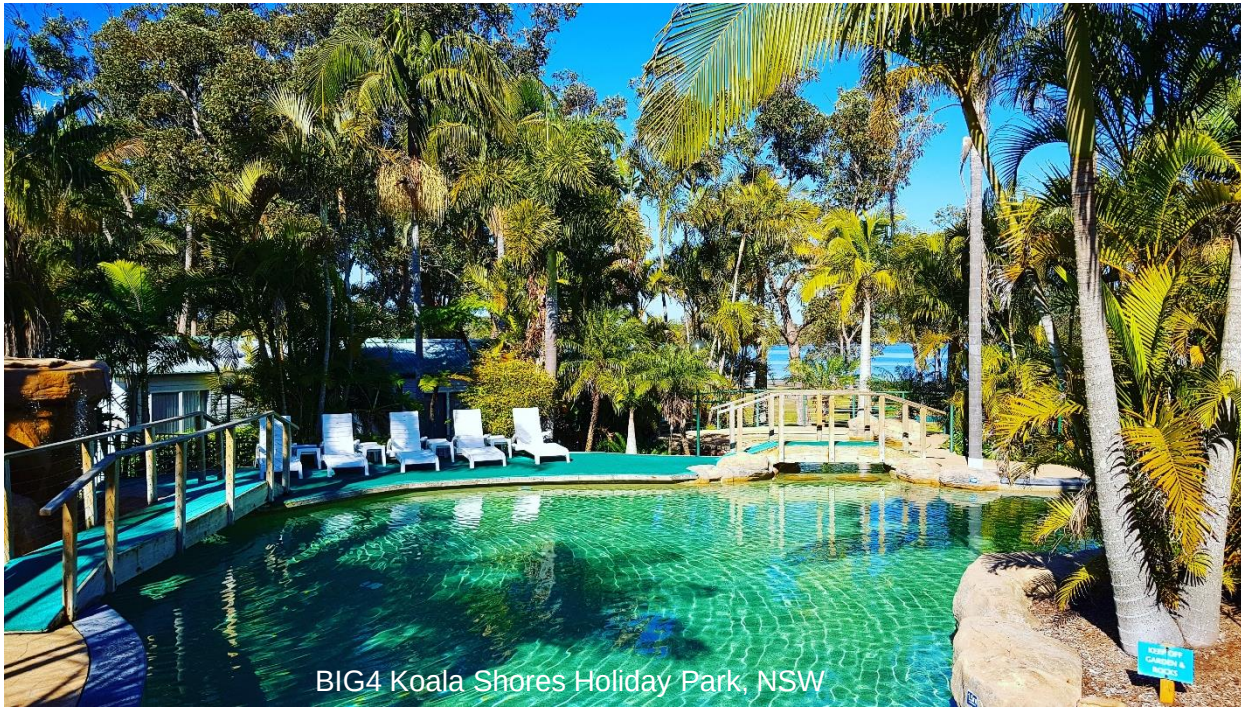
SPP

- Following completion of the Placement, Aspen will offer eligible security holders in Australia and New Zealand an opportunity to participate in a SPP
- Eligible security holders will be invited to subscribe for up to a maximum of \$30,000 of additional securities, free of transaction and brokerage costs
- The SPP will be underwritten and Aspen may (in its absolute discretion), in a situation where total demand exceeds \$3.0 million, decide to increase the amount to be raised under the SPP or apply a scale back
- The issue price will be the lower of \$1.10 per security or the VWAP of APZ securities traded on the ASX over the five trading days up to and including the closing date of the SPP (adjusted for ex-distribution trading, if applicable), discounted by 2.5%.
- New securities issued pursuant to the SPP will be fully paid and rank equally with existing Aspen securities and will be entitled to the distribution for the six months ending 30 June 2020 which is expected to be 3.25cps (ex-distribution 29 June 2020)

Indicative Timetable

Key Event	Date
Record date for SPP	27-May-20
Trading halt and announcement of the Equity Raising	28-May-20
Placement bookbuild	28-May-20
Trading halt lifted	29-May-20
Settlement of securities issued under the Placement	2-Jun-20
Normal trading of securities issued under the Placement	3-Jun-20
SPP offer opens	3-Jun-20
SPP offer closes	24-Jun-20
APZ stock trades ex-distribution	29-Jun-20
Issue of securities under the SPP	29-Jun-20
Normal trading of securities issued under the SPP	30-Jun-20

This timetable is indicative only and subject to change. The Directors may vary these dates, in consultation with the Lead Manager, subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the new securities.



BIG4 Koala Shores Holiday Park, NSW



Barlings Beach Holiday Park, NSW

Appendices

Appendix 1: Sources and Uses of Proceeds

Sources and Uses

Sources of Proceeds		\$m
Placement proceeds		20.0
Total sources		20.0

Uses of Proceeds		\$m
Repayment of debt (future growth)		7.5
Acquisition and development of Burleigh Heads and Newcastle properties (still conditional)		11.9
Equity raising transaction costs		0.6
Total Uses		20.0

Appendix 2: Pro Forma Balance Sheet

Balance Sheet (\$m) ¹	Dec 2019	Adjustments	Pro Forma
Properties	\$159.7	\$11.9	\$171.6
Cash	\$4.0	-	\$4.0
Other assets	\$9.7	-	\$9.7
Total assets	\$173.4	\$11.9	\$185.3
Debt	\$52.5	(\$7.5)	\$45.0
Other liabilities	\$11.2	-	\$11.2
Total liabilities	\$63.7	(\$7.5)	\$56.2
Net assets	\$109.7	\$19.4	\$129.0
Securities	96.3	18.2	114.5
NAV per Security	\$1.14		\$1.13
LTV (net debt / property value)	30%		24%
Gearing	29%		23%

1. Unaudited

Appendix 3: International Offer Restrictions

This document does not constitute an offer of Securities of Aspen in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Securities may not be offered or sold in the Placement, in any country outside Australia except to the extent permitted below

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"). The New Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Appendix 3: International Offer Restrictions (cont'd)

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. Aspen is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the New Securities are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities may not be circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

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Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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This document has not been approved or passed on in any way by the Financial Services Board or any other governmental authority in South Africa, nor has Aspen received authorization or licensing from the Financial Services Board or any other governmental authority in South Africa to market or sell New Securities within South Africa.

This document is strictly confidential and may not be reproduced or provided to any person in South Africa other than to existing holders of Aspen's stapled securities.

Appendix 4: Risks

General Risks

This section discusses some of the key risks associated with an investment in Aspen. A number of risks and uncertainties may adversely affect the operating and financial performance or position of Aspen and in turn affect the value of Aspen securities. These include specific risks associated with an investment in Aspen and general risks associated with any investment in listed securities. The risks and uncertainties described below are not an exhaustive list of the risks facing Aspen. Potential investors should carefully consider whether the New Securities offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risks set out below.

Impact of COVID-19	Events relating to COVID-19 have resulted in significant market falls and volatility, including in the prices of securities trading on the Australian Securities Exchange (ASX) (including the price of Aspen's securities) and on other foreign securities exchanges. There is continuing uncertainty as to the further impact of COVID-19, including in relation to the government response, work stoppages, lockdown, quarantines, travel restrictions and unemployment and on what affect such factors may have on Aspen, the Australian economy and share markets. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is currently not possible to assess the full impact of COVID-19 on Aspen's business. Further it is possible that any adverse economic impact of COVID-19 may continue beyond the duration of the pandemic.
Tenant Concentration Risk	Aspen derives significant earnings from Woodside who is a key tenant in Aspen Karratha Village. To the extent this contract was cancelled or not extended beyond January 2021, it would have a material impact on Aspen's earnings if other tenants are not secured on either a long term or short stay basis.
General Investment Risks	There are risks associated with any stock market investment, including: • The demand for Aspen securities may increase or decrease and Aspen securities may trade above or below the Issue Price on the ASX; • If Aspen issues new securities, an existing Securityholder's proportional interest in Aspen may be reduced; and • The market price of the securities may be affected by factors unrelated to the operating performance of Aspen such as stock market fluctuations and volatility and other factors that affect the market as a whole.
Macro-economic Risks	Changes to economic conditions in Australia and internationally, investor sentiment and international and local stock market conditions, changes in fiscal, monetary and regulatory policies which may impact economic conditions such as interest rates and inflation and consequently the performance of Aspen.
Liquidity and Dilution	Turnover of Aspen securities can be limited and it may be difficult for investors to buy or sell lines of securities at market prices. In response to market conditions or for other reasons, The Australian Stock Exchange on which Aspen securities are listed, may amend temporarily or permanently, rules relating to the issue or trading of securities, which may affect the liquidity a securities. Aspen may issue further new securities in the future. This may be on terms which may result in the securityholder being ineligible to participate pro rata or at all. As a result the, percentage interest in Aspen that a security holder may hold, may be diluted in the future.
Legislative and Regulatory Risks	Changes in laws, regulation and government policy may affect Aspen's business and therefore the returns Aspen is able to generate.
Environmental Risk	Aspen's properties are subject to environmental risks including loss of property and profits due to bushfires, floods, cyclones, erosion of waterways and other events. These risks and potential losses may increase in future as the climate continues to change. Aspen carries insurance for some of these events, however insurance may not cover all or any of the losses incurred, insurance may prove increasingly difficult to obtain or the cost may become prohibitive.

Appendix 4: Risks (cont'd)

Tax Implications	Future tax liabilities may be impacted by changes to the Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia. This in turn could impact the value or trading price of Aspen securities, the taxation treatment of an investment in Aspen or the holding costs or disposal of its securities.
Litigation	Aspen may, in the ordinary course of business, be involved in possible litigation disputes (such as environmental and workplace health and safety, industrial disputes and other legal claims). A material legal action may adversely affect the operational and financial results of Aspen.
Business Strategy Risk	Aspen's business strategy is focused on growing its portfolio through acquisition, development and increasing occupancy and income across its key business segments. A key element of Aspen's strategy and earnings is attributable to development and letting of new dwellings in various sectors. Aspen's future growth is dependent on the successful execution of this strategy. Any change or impediment to implementing this strategy may adversely impact on Aspen's operations and future financial performance.
Development Risk	Aspen undertakes property development. Such projects have a number of risks including (but not limited to): delays or issues around planning, application and regulatory approvals; development cost overruns; environmental costs; project delays; issues with building and supply contracts; expected sales prices and leasing rates or timing of expected sales and leasing not being achieved. A sustained downturn in the residential property markets due to deterioration in the economic climate could result in reduced development profits through lower selling / leasing prices, lower selling / leasing volumes and delayed settlements / leasing.
Tourism	Aspen derives income from tourism and tourism related services. The income derived from this business may be seasonal and vary due to weather conditions, changes in demand for current and new alternate tourism destinations, the international and domestic tourism market and general consumer discretionary spending. Due to COVID-19 governments have recently enacted restrictions on the movement of people and to whom we can offer our short stay products to. This has materially impacted revenues from our short stay products and it is not known how long this will continue.
Increased Competition	Aspen operates in a variety of markets and offers various accommodation types within the residential, retirement and short stay sectors. While there are barriers to entry for new operators, future developments that directly or indirectly compete with Aspen's existing portfolio could impact Aspen's current business and financial performance.
Government Assistance	Governments and other authorities provide rental assistance and other subsidies for many residents in the resident communities which form part of Aspen's portfolio. Any change to legislation could result in a reduction in resident demand to enter into leases in the communities and therefore impact Aspen's business. Changes to protections for residential tenants could result in loss in rent or increased arrears.
Income and Expense Growth Rates	Higher than expected inflation rates could lead to greater development and/or operating costs. While resident leases are subject to rental rate increases, the ability to raise future rents and maintain or grow occupancy may be impacted by residents' income levels and the growth in government subsidies. Aspen's future financial performance could be impacted where the inflation in operating and development costs exceeds the growth in rental income.

Appendix 4: Risks (cont'd)

Distributions	Future distributions for Aspen securities will be determined by the Directors having regard to the operating results, future capital requirements, bank debt covenants and the financial position of Aspen. There can be no guarantee that Aspen will continue to pay distributions or distributions at the current level.
Asset Impairment Risk	Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors affecting property valuations include capitalisation and discount rates, the economic growth outlook, land resumptions and releases and major infrastructure projects. Such impacts on property valuations may lead to variations in the valuation of Aspen securities. In preparing for its 30 June 2020 accounts, Aspen has recently received external revaluations for Adelaide Caravan Park (up \$0.9m) and Mandurah Gardens Estate (up \$1.5m). Darwin Freespirit Resort is also being revalued by an external valuer and the carrying value of all other assets will be considered by Directors as at 30 June 2020. The total value of Aspen's properties and net assets may go up or down in its 30 June 2020 accounts.
Funding Risk	Aspen currently has bank debt which contains certain financial and operational covenants. Any breach of these covenants could result in the early enforced repayment of debt. Such repayment could incur capital losses if assets need to be sold in a short period or securityholders may be diluted if equity needs to be raised at a large discount. Aspen currently has a single debt maturity of 2.5 years. At the maturity of this loan, there is no certainty it will be refinanced on the same terms currently in place. Aspen is exposed to fluctuating interest rates. While Aspen currently hedges part of its variable rate interest expense, Aspen does retain a portion of interest rate fluctuation exposure.
Personnel Risk	The ability of Aspen to successfully deliver on its business strategy is dependent on retaining key employees of Aspen. The loss of senior management or other key personnel could adversely impact on Aspen's business and financial performance.
Accounting Standards	Changes to accounting standards may affect the reported earnings of Aspen from time to time.
Acquisition Risks	The Placement is not conditional on deploying the proceeds into specified acquisition of assets. There is a risk that acquisitions may not occur and the timing, consideration paid and investment return on any acquisition made may vary from the existing portfolio.
Acquisition Integration	As part of due diligence for the acquisition of assets, Aspen assesses the possible returns achievable. This assessment takes into account the implementation of a number of initiatives to integrate the asset into the group's operations and achieve the optimal, stabilised position and return. This may include redevelopment of existing sites, changing the mix of the assets between longer term occupancy and shorter stay tourism, or changing the way the asset is managed. The cost to reposition the asset and the mix between longer term residents and tourism at the time of implementation may vary from the assumptions at time of acquisition. It may take longer than expected for the asset to reach its optimal stabilised position.

Appendix 5: Key Terms of the Placement Agreement

Aspen has entered into a placement agreement with Moelis Australia Advisory Pty Ltd (**Underwriter**) (the **Placement Agreement**), pursuant to which the Underwriter has agreed to underwrite the Placement on the terms and conditions in the Placement Agreement. The Underwriter is, in turn, entitled to appoint sub-underwriters to sub-underwrite the Placement. The SPP is not covered by the Placement Agreement.

If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Placement Agreement. Termination of the Placement Agreement would have a material adverse impact on the total amount of proceeds that could be raised under the Placement.

The Underwriter's obligations under the Placement Agreement, including to manage and underwrite the Placement, are conditional on certain matters, including the timely delivery of due diligence process sign-offs and other documents, and that Aspen remains able to service its debts.

A summary of events which may trigger termination of the Placement Agreement include (but are not limited to) the following:

- a) the ASX/S&P200 Index or ASX/SPI 200 Index Futures stands at a level that is 90% or less than the level of the Index as at the close of trading on the day before the date of the Placement Agreement;
- b) ASX makes an official statement to any person, or indicates to Aspen or the Underwriter that Securities will be suspended from quotation, or that Aspen will be removed from the official list of the ASX, or that quotation of the Placement Securities will not be granted by ASX or such approval has not been given before the close of business on the last date on which the Placement Securities may be allotted;
- c) Aspen alters its capital structure or that of the Aspen Property Trust (other than as contemplated in the Placement Agreement), or the Constitution without the prior consent of the Underwriter (such consent not to be unreasonably withheld or delayed);
- d) Aspen is unable or unlikely to be able to issue the Placement Securities on the issue date specified in the Timetable or, if the Timetable is delayed, such revised issue date as the Underwriter

consents to (with such consent not being unreasonably withheld or delayed);

- e) any event specified in the Timetable is delayed for more than one business day without the prior written consent of the Underwriter (with such consent not being unreasonably withheld or delayed);
- f) there is a material adverse effect when compared to the position disclosed in the offer materials or otherwise disclosed by Aspen to the ASX;
- g) Aspen, a subsidiary of Aspen or the Aspen Property Trust is or becomes the subject of an Insolvency Event;
- h) there are not, or there ceases to be, reasonable grounds for any statement or estimate by Aspen in the offer materials;
- i) a statement contained in the offer materials, is, or the Underwriter becomes aware that such a statement was at the time it was made, misleading or deceptive;
- j) a change to the board of directors of Aspen (other than John Carter) occurs or is announced;
- k) Aspen or any subsidiary breaches, or defaults under any provision of a material debt or financing arrangement which is not promptly waived by the relevant financier, the effect of which is likely to have a material adverse effect;
- l) an event of default or event which gives a lender or financier the right to accelerate or require repayment of the debt financing occurs which is not promptly waived by the relevant financier, the effect of which has or is likely to have a material adverse effect;
- m) any financing or related arrangement referred to in the offer documents is not or will not be refinanced, terminated, amended or entered into in the manner or by the time described in the offer documents;
- n) any information supplied by or on behalf of Aspen to the Underwriter in relation to the Aspen, its subsidiaries or the Placement is, or becomes, false or misleading or deceptive;

Appendix 5: Key Terms of the Placement Agreement (cont'd)

- o) a Government Agency commences any public action against an officer of Aspen or announces that it intends to take any such action or an officer of Aspen is charged with an indictable offence or disqualified from managing a corporation;
- p) a Government Agency issues proceedings or commences any public action, or any investigation or hearing against or in respect of Aspen, or announces that it intends to take any such proceedings or action;
- q) in respect of one or more of Australia, New Zealand, the United States of America, any member state of the European Union, Hong Kong, Japan, Singapore, the Peoples' Republic of China or the United Kingdom or any diplomatic, military, commercial or political establishment of any of these countries elsewhere in the world:
 - i) hostilities not presently existing at the date of this agreement commence or a major escalation in existing hostilities occurs;
 - (ii) a terrorist act is perpetrated; or
 - (iii) a national emergency is declared;
- r) the Underwriter becomes aware of a contravention by Aspen of an applicable law;
- s) there is introduced or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law or regulatory directive (either in Australia or in any jurisdiction to which the Placement Securities will be marketed), or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Agreement), any of which does or is likely to prohibit, regulate or otherwise adversely affect the Placement, capital issues or stock markets;
- t) a general moratorium on commercial banking activities in Australia, the United States, the United Kingdom, Hong Kong, Japan, Singapore, the United Kingdom or any member state of the European Union is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
- u) trading in all securities quoted or listed on the ASX, the London Stock Exchange, the Hong Kong Stock Exchange, the New York Stock Exchange or the Singapore Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of 1 day) on which that exchange is open for trading; or
- v) any adverse change to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, the United States of America, Hong Kong, the United Kingdom or Singapore, or the international financial markets or any prospective adverse change in national or international political, economic or financial conditions.

The ability of the Underwriter to terminate the Placement Agreement in respect of events contemplated in paragraphs (j) to (v) is limited unless in the reasonable opinion of the Underwriter the event has or is likely to have a materially adverse effect on the success or settlement of the Placement.

Aspen also gives certain representations and warranties to the Underwriter and certain indemnities to the Underwriter and its affiliates.

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