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ASX ANNOUNCEMENT 17 December 2018

ASPEN GROUP LIMITED (ASX: APZ)

Revised Investment Management Proposal from Discovery Holiday Parks

The Independent Board Committee (**IBC**) comprising Clive Appleton (Chairman) and Guy Farrands (Non-Executive Director) today received a revised investment management proposal (**Revised Proposal**) from Discovery Holiday Parks Pty Limited (**Discovery**), a copy of which is attached for the information of securityholders.

On the basis of the Revised Proposal, the IBC is seeking to enter into a deed of confidentiality (**Confidentiality Agreement**) with Discovery and exchange limited additional information to facilitate the submission of a binding proposal.

As such, the IBC has at this stage decided that the adjourned extraordinary general meeting (**EGM**) to be held at 10.00am this Friday 21 December 2018 will be further adjourned until 10.00am on Friday 11 January 2019 at the same venue.

Notice of the EGM was given to securityholders on 15 November 2018. In accordance with the requirements of its constitutions, Aspen Group does not intend to provide securityholders with a further notice of the adjourned EGM. Securityholders will have the opportunity to submit completed proxy forms to Aspen Group by no less than 48 hours prior to the commencement of the adjourned EGM. Valid proxy forms already received by Aspen Group will remain effective for the adjourned EGM.

No action is required by securityholders at this time and there is no certainty a binding proposal from Discovery will eventuate.

The IBC will keep the market informed of any material developments as appropriate.

END

For further information please contact:

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14 December 2018

Clive Appleton
Chairman
Aspen Group

cc: Brad Couper, Moelis Australia

Dear Clive,

ASPEN GROUP INVESTMENT MANAGEMENT PROPOSAL

Discovery Holiday Parks Pty Limited ("Discovery") is pleased to present the following revised Investment Management Proposal to Aspen Group ("Discovery Management Proposal").

As the largest owner and operator of accommodation parks in Australia with a network of over 270 parks (including 67 directly owned parks) Discovery is extremely well positioned to drive efficiencies and value to the Aspen Group property portfolio.

During its more than 14 years in the accommodation park business, Discovery has developed a management platform that leads the industry in technology, systems and processes. Discovery also has a highly experienced Board and management team with significant industry, capital management and corporate governance experience (listed and unlisted).

In light of our experience and capabilities, we are able to offer a significantly lower fee structure for the same services, than that offered in the Mill Hill Capital ("MHC") proposal and can deliver immediate cost savings and other benefits to Aspen Group including a reduction in the total cost of MHC reimbursable items of at least \$190,000. In addition, we are pleased to offer an up-front incentive payment of \$250,000.

We believe that the Discovery Management Proposal offers superior value for Aspen Group securityholders to that offered in the MHC proposal and is in fact both fair and reasonable to Aspen Group securityholders.

We look forward to working with Aspen's IBC on the Discovery Management Proposal.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Grant Wilckens".

Grant Wilckens

Chief Executive Officer

Encl:

Discovery Management Proposal to Aspen Group - Key Terms

Discover what matters.

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ABN 50 111 782 846 ACN 111 782 846



Key terms of the Proposal

Investment manager	Discovery Holiday Parks Pty Limited (ACN 111 782 846) (“Discovery”). If any of the services provided require an AFSL Discovery will provide those services as an Authorised Representative of Allegro Funds Pty Limited ACN 128 866 053 and AFSL 345 995.
Responsibilities	Provision of investment management services to Aspen Group, including the day-to-day management of the Aspen Group head office and its property portfolio, under the direction of the Board of Aspen Group Limited. The services provided are identical to those offered under the MHC proposal. In particular, Discovery will absorb the cost of, and employ the appropriate resources to, take on full responsibility for the corporate, investor relations and portfolio management functions of Aspen Group including acquisitions and development of MHE on existing sites (none of which is provisioned for in the \$1.68 million assumed to be retained by Aspen Group under the current proposal from MHC).
Management Agreement	Discovery’s responsibilities and service requirements will be documented in a management agreement with Aspen Group. Discovery has reviewed the material terms of the MHC Management Agreement outlined in the Explanatory Memorandum dated 15 November 2018, and except as set out in this letter, would not require any changes to the contractual terms outlined.
Incentive Payment	\$250,000 payable on entry into management agreement.
Additional Benefits	<ul style="list-style-type: none"> • Complimentary Top Parks membership for all parks for first 3 years (\$150,000 value). • Procurement savings that Discovery has negotiated for both Discovery and Top Parks Licensees. • \$190,000 in savings estimated in reimbursable expenses to that proposed by MHC. • Access to Discovery’s scale and experience, specifically training programs and our industry leading quality management systems and processes. • Adoption of industry leading, best practice systems and technology platforms.
Base Management Fee	2.00% per annum of the Total Book Equity up to the first \$115 million (plus GST) and 1.15% per annum of the Total Book Equity in excess of \$115 million (plus GST).
Performance Fees	Nil
Acquisition Fees	Nil
Capital Raising Fee	Nil
Project Management Fee	Discovery will be entitled to receive a Project Management Fee equal to 5% (plus GST) of total project costs relating to all projects and capital improvements. The Project Management Fee would be payable quarterly in arrears.
Discovery Reimbursable Costs	Discovery’s reimbursable items will be the same as those in the MHC proposal, however we expect to be able to reduce the \$679,000 estimated by MHC by more than \$190,000 due to our scale and in-house capability.



	Based on the savings expected to be realised in reimbursable costs, we expect Aspen Group's remaining cost structure (before management or RE fees) to be \$1.49 million compared with \$1.68 million in the MHC Proposal.
Growth Opportunities	Discovery will provide acquisition and growth opportunities to Aspen Group through the following means: <ul style="list-style-type: none"> • 100% of MHE / permanent park acquisition opportunities sourced by Discovery, will be offered to Aspen Group. • Acquisition of tourist park assets in joint venture between Discovery and Aspen Group where appropriate and they fit within both Discovery's and Aspen's Group's investment mandates and there is available funding capacity. • Subject to Discovery and Aspen Group Limited board approvals and investment mandates, Discovery will within the first 12 months of the management agreement: <ol style="list-style-type: none"> i) vend in park assets to Aspen Group; ii) make an equity placement to fund future acquisitions; iii) up to a combined value of no more than \$25 million.
Term and Termination	Term and termination will be as described in the MHC Management Agreement.
Non-Compete	Discovery will enter a non-compete in relation to the management of other ASX listed entities that continues for 12 months after termination of the management agreement.
Stand Still	Discovery will enter into a standstill in relation to the acquisition of Aspen securities that continues for 12 months after termination of the management agreement.
Discovery Approvals	Discovery has the authority to proceed and enter into a binding contract reflecting the terms contained in this document without the need for any due diligence or Discovery Board approval. Discovery already has the capability required to carry out the services required under the proposed management agreement and could enter into a management agreement with Aspen Group within days.