VALUATION POLICY

Purpose

The purpose of this document is to outline Aspen Group's policy on the valuation of property assets. For the purposes of this policy, 'property' includes items classified in accordance with accounting standards as either:

- investment property;
- property plant and equipment; or
- goodwill pertaining to leasehold or freehold property assets.

The policy is to ensure that a consistent framework and methodology is applied to property valuations, and to ensure that assets are held at fair value in the accounts and that fair value is reliably and consistently calculated in compliance with applicable regulations.

Application

This policy applies to all properties owned by:

- Aspen Group and its subsidiaries;
- Aspen Property Trust and its subsidiaries;
- Managed funds for which Aspen Funds Management Limited acts as the responsible entity; and
- Entities for which Aspen Group acts as the manager

For the purposes of this policy, unless otherwise stated, these entities are collectively or individually referred to as 'Aspen.'

Policy

Under this policy, property assets may be subject to an (i) independent valuation or (ii) directors' valuation.

1. Independent valuation

1.1 <u>Frequency of independent valuation</u>

i) All properties shall have an independent valuation within 90 days of being acquired by Aspen;

ii) All properties are to be valued on an open market basis at least every three years;

iii) The rotation of properties for independent valuation will be determined, with the general objective that at least one third of properties are independently valued annually;

iv) In some situations, finance facilities may require more regular independent valuations. In a case where the financier requests such a valuation of an asset, this valuation may also be used to update the carrying value of an asset;;

v) Independent valuations may be completed more frequently than every three years if internal modelling identifies that there may have been a material movement in asset value from the last independent valuation.

vi) Details of the frequency, and method, of internally modelling is outlined in Section 1.2. As a general rule, if internal modelling suggests there may be a movement of:

> Greater than 15%, the Audit, Risk and Compliance Committee is advised, and instructions are sought as to whether an independent valuation should be obtained, except if the property is under material refurbishment / development, in which case the independent valuation may be carried out after completion of the refurbishment / development.

1.2 <u>Internal modelling</u>

i) On at least a half yearly basis, management will assess property values, having regard for those factors which determine such values. These factors include (but are not limited to):

- demand trends and change in customer profile;
- economic and market conditions;
- market and sector outlook;
- change in revenue;
- change in operating costs and cost structure;
- existing and forecast occupancy levels;
- development activities and other capital expenditure that has occurred since the last valuation assessment was conducted; and
- tenure (including material changes in leasehold term if applicable).
- Net operating income

In performing the assessment, management will utilise the most recent management accounts and comparative performance data to analyse current and forecast earnings against budget / forecast and prior year earnings.

1.3 Selection of independent valuer

i) It is preferable that Independent valuations are not to be conducted by the incumbent valuer of a property being acquired.

ii) No independent valuation firm (except in exceptional circumstances where there are logistical, technical or geographical grounds to do so) should be engaged to perform valuations more than three times in succession or for a continuous period of 6 years on the same property;

iii) Aspen's finance facility providers will generally have a panel of approved valuers. Under this policy, for the purposes of consistency and efficiency, valuers from the financier's approved panel will be engaged for independent valuations.

iv) In exceptional circumstances where there are logistical, technical or geographic impediments to engagement of a valuer from the financier's approved panel, an alternative valuer may be engaged. When considering which valuer on the financier's panel to use, consideration will be given to:

a. Their expertise in the property sector of the asset (e.g. residential, lifestyle/retirement village, accommodation park);

b. Their understanding of the local market as compared to other valuation firms (e.g. Mid North Coast specialty or location, versus a South Coast valuation firm); and

c. Their availability to complete the valuation within Aspen's required timeframe (as applicable).

1.4 Engagement of independent valuer

i) All valuation instructions shall be issued in writing, authorised by Aspen's CEO, CFO or Acquisitions/Dispositions Manager (a template instruction letter is attached in Appendix A)

ii) Formal Engagement Letters issued by the valuer must be authorised by Aspen's CEO, CFO or Acquisitions/Dispositions Manager

1.5 Review of independent valuation

i) Aspen's CEO, CFO or Acquisitions/Dispositions Manager shall review the independent valuer's assumptions
and the accuracy of factual data used in valuations, and seek CEO input if required.

ii) Where the factual data is incorrect, this is communicated to the valuer so that changes can be made prior to accepting the valuation.

iii) If the assumptions made by the valuer are subjective, the valuer is required to substantiate their assumptions based on market research and also the interpretation of comparable market evidence. This shall be outlined within the valuation instructions.

2. Directors' valuations

2.1 Frequency of directors' valuations

The carrying values of all properties shall be reviewed at least every 6 months by the Board, in line with the statutory reporting periods of 30 June and 31 December;

2.2 Process of preparing directors' valuations

Directors' valuations are based on an assessment of the fair value[1] of the asset. When assessing fair value, the directors will consider input and recommendations from management which may include valuation methodologies , such as:

- discounted cash flows;
- capitalisation of net operating income;
- the highest and best use of the property;
- direct comparison approach.

When presenting a recommendation to the Board for a directors' valuation, the management paper should include not only the valuation measurement approach, but also details of variances between the directors' valuation and the last independent valuation, as well as variances to the current carrying value and last directors' valuation. Comparatives which may include Aspen prior-year NOI, forecast NOI and valuation NOI (including adjustments relating to Aspen's ownership making up the differences) will be prepared for each property.

3. Other property assets

There may exist other property assets classified in accordance with accounting standards as either:

- assets held for sale; or
- subsidiary assets held for sale.

These are held at a directors' valuation being fair value less costs to sell.

The determination of fair value is performed by the Aspen CEO, CFO and/or Acquisitions/Dispositions Manager and referred to the Audit Committee for approval in line with the statutory reporting periods of 30 June and 31 December.

Independent valuations are obtained for these properties as and when required.

4. Record maintenance

Valuations of all assets are recorded on a valuation schedule. Valuation reviews are recorded and maintained by the Finance team.

5. Conflicts of Interest

Any conflicts of interest must be referred to the Audit Committee. Such conflicts include the valuer owning similar properties, being the incumbent valuer for a property being acquired, or having a special relationship with Aspen staff.

6. Consequences of non-compliance

Breaches of this policy may impact on correct preparation and presentation of financial statements, including the accuracy of Net Asset Value (NAV). Further impacts may include changes to management's decisions on capital allocation, a qualified audit report, or financial loss, and may result in disciplinary action being taken.

Reviewed by the Audit, Risk, and Compliance Committee: 18 September 2023

Adopted by: The Aspen Group Limited Board: 19 October 2023

[1] Fair value is based on the price at which a property might reasonably be expected to be sold at the date of valuation assuming:

- A willing, but not anxious, buyer and seller on an arm’s length basis;
- A reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;
- That the property will be reasonably exposed to that market; and
- That no account is taken of the value or other advantage or benefit to the buyer, additional to market value, that is incidental to ownership of the property being valued.

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homemail@aspengroup.com.au

[Date]

[Address]

Private & Confidential

Dear X,

RE: VALUATION INSTRUCTION LETTER

We request a formal market valuation as outlined below:

Property	X
Valuation Basis	1. Market Value, being the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. 2. Fair Value, as defined under IFRS 13 as 'The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date'
Purpose and Reliant Parties	1. Mortgage Security Purposes • Westpac Banking Corporation [plus banks in facility] • The valuation must be prepared in accordance with the bank's standard valuation requirements and the Australian Property Institute's Mortgage Valuation Practice Standards 2. Financial Reporting Purposes • Aspen Group Limited (APZ) • Evolution Trustees Limited as responsible entity for the Aspen Property Trust • Deloitte Touche Tohmatsu
Timing	Final report provided by X
Fee Agreed	$X including GST, travel, and disbursements

The valuation must include your standard disclosure statement regarding conflicts of interest.

You must make your own investigation into the property and be satisfied that all information furnished and utilised in the assessment is verified to your satisfaction.

The valuation must be undertaken by a valuation professional with a minimum 6 years' experience in the assessment of property of this magnitude and nature, co-signed by:

i) a Director (or equivalent) in the event that same did not undertake the valuation
ii) any other person required to satisfy professional indemnity insurance requirements

All signatories must have undertaken an inspection.

Yours sincerely,