



ASPEN GROUP LIMITED

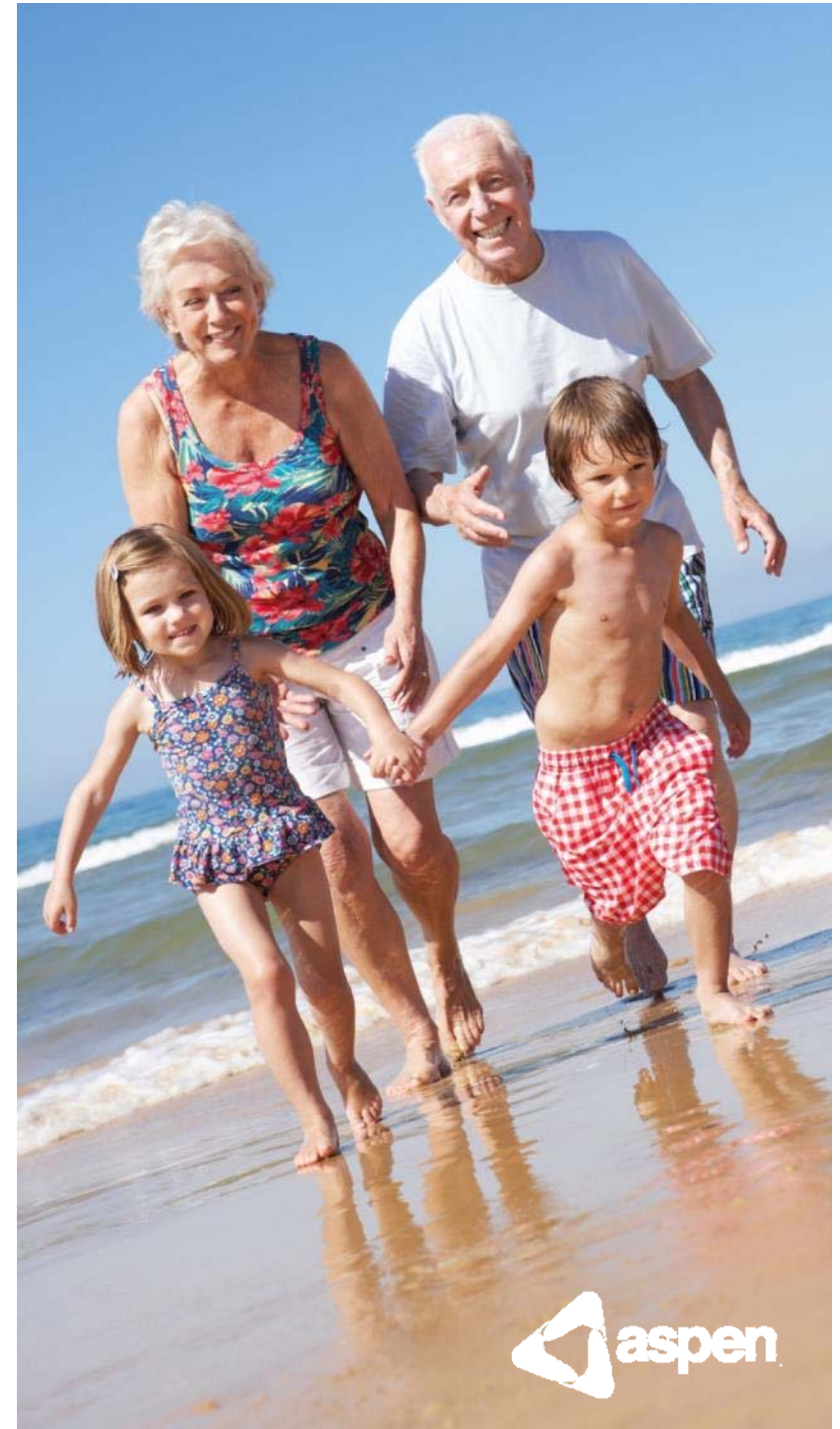
Results Presentation FY17

31 August 2017



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1

FY17 Highlights



Aspen continues it's acquisitions program enabled by enhanced platform

STRATEGIC

- Reset business strategy and established action plans focused on scaling of the Group
- Strong pipeline of potential acquisitions in varying stages of diligence > \$90 million
- Established \$80 million finance facility supporting strategic objectives
- Exit of 3 non-core assets ~\$34 million in progress and program continues
- Reset corporate overheads to be in line with the revised operational scale of the business
- Renewed focus on operations and operational management

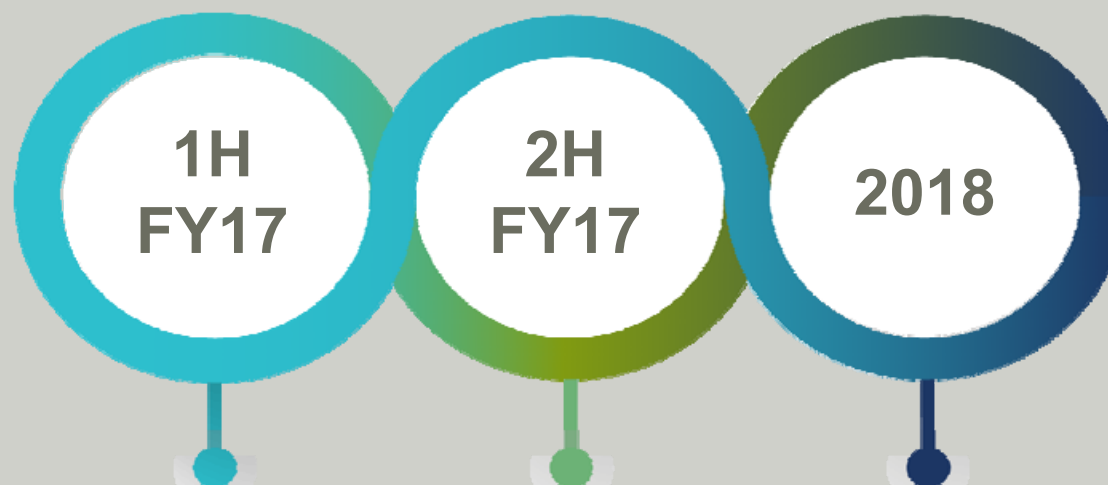
FINANCIAL

- Earnings and distribution in line with guidance - 90% payout ratio
- Positive operating cash flows at \$5 million up 6% on FY16
- Secured earnings through 1 year contract extension of Woodside at Aspen Karratha Village
- Zero debt on balance sheet

PORTFOLIO

- 60%¹ core assets growth achieved through tourism park acquisitions negotiated in FY17
- Secured 91 DA approvals across all sites ~7% increase in development potential
 - DA granted at Four Lanterns for 28 new homes
 - DA granted at Tomago Van Village for 53 new homes
 - Expansion of Adelaide Caravan Park 10 new sites added
- Growth opportunities through value enhancing development (VED) and asset repositioning

1. Includes Koala Shores - Acquisition remains conditional, expected to be completed Q2 FY18



- Simplification of corporate structure & reduced corporate overhead
- Management change
 - Appointment of CEO Joel Cann and CFO Emmanuel Zammit
- Acquisition – Tourist Park
 - Tween Waters
- 1H FY17 distribution 2.1cps in line with guidance

- Acquisitions – Tourist Parks
 - Barlings Beach
 - Koala Shores¹
- Established \$80 million finance facility
- Woodside tenancy contract at Aspen Karratha Village extended to January 2019
- Spearwood South Industrial property contracted for sale settling in September 17
- 2H FY17 distribution 2.5 cps in line with guidance

- Targeting ~\$70 - \$90 million in acquisitions
- Development to commence at Tomago and Four Lanterns
- Exit of non-core assets ~\$34 million



1. Acquisition remains conditional - expected to be completed Q2 FY18



2

Financial Results



Key performance metrics

2.1

Performance reflects rebasing of group at lower scale

Operational Performance	FY17 \$m	FY16 \$m	Change %
Statutory (loss) / profit	(0.2)	9.9	(102.2%)
Revenue ¹	19.0	19.7	(3.6%)
Operating earnings ²	4.5	4.8	(6.2%)
MER% ³	4.2%	3.5%	-

Distributable earnings	FY17 \$m	CPS
Operating earnings	4.5	4.4
Add: Property depreciation	1.0	1.0
Less: Stay in business capex	(0.4)	(0.4)
Distributable earnings	5.1	5.0
Distribution		4.6
Payout Ratio		90%

1. FY16 figure presented on a deconsolidated basis excluding APPF performance for comparative purposes
 2. Excludes the non-controlling interest share of APPF results
 3. MER based on average total assets

Statutory Loss

- Current year impacted by
 - Impairments and losses related to legacy assets and liabilities totalling \$2.5 million
 - Net impairment in the value of core assets \$0.9 million
 - Investment driven acquisition costs incurred of \$1.4 million

Revenue

- Prior year includes APPF management fees of \$0.9 million
- Portfolio revenue adjusted for APPF management fees increased 2% due to distribution gains under the revised operating model

Operating earnings

- \$4.5 million – 6.2% decrease from the prior year, entirely due to a reduction in earnings as a result of the disposal of the Aspen Parks Property Fund (APPF) during the prior year

Distribution

- 4.6 cps in line with guidance



Reconciliation of statutory profit to operating earnings

2.2

	June 17 \$m	June 16 ¹ \$m
Statutory (loss) / profit after tax	(0.2)	9.9
Tax benefit	-	-
Statutory (loss) / profit before tax	(0.2)	9.9
Fair value gain on deconsolidation of APPF / Gain on termination of management rights in APPF / Other income	-	(22.5)
Change in fair value of investment properties and PPE	0.7	10.0
Administration / restructuring expenses	(0.1)	1.3
Finance costs	0.1	1.1
Other expenses (including transaction / acquisition costs)	1.8	6.2
Change in fair value of assets held for sale	2.2	(0.1)
Loss from equity accounted investees	-	(1.2)
	4.7	(5.1)
Operating earnings²	4.5	4.8

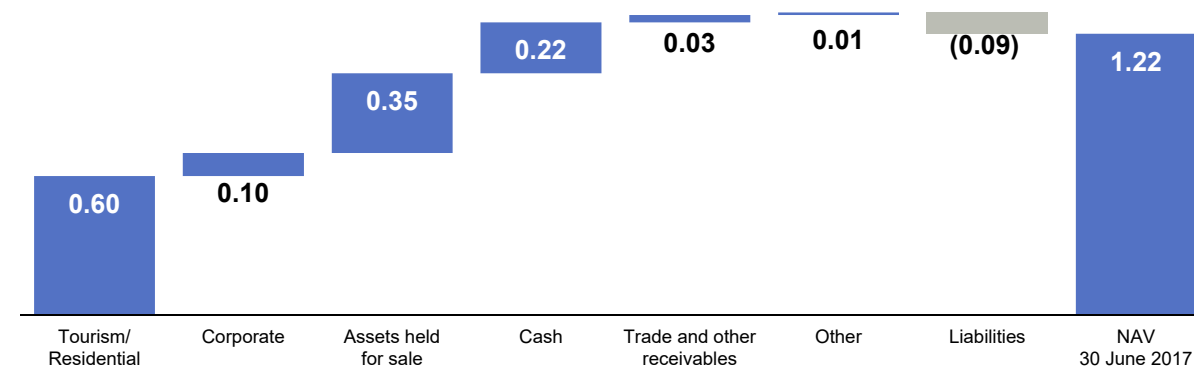
1. FY16 figure presented on a deconsolidated basis excluding APPF performance

2. Excludes the non-controlling interest share of APPF results



Balance Sheet	FY17 \$m	FY16 \$m	Change \$m
Accommodation property assets ¹	71.2	80.0	(8.6)
Assets held for sale	35.5	8.2	27.3
Cash	22.7	48.8	(26.1)
Debt	-	-	-
Gearing %	-	-	-
NAV	124.6	129.6	(5.0)
NAV \$ per security	1.22	1.26	(0.04)

NAV per security



Property assets

- Two acquisitions (Tween Waters and Barlings Beach) settled for \$20.3 million.
- Acquisition of Koala Shores remains under conditional contract with expected settlement 2Q FY18.

Cash

- Cash utilisation of \$26.0 million in FY17
 - Acquisition of PPE - \$22.5 million
 - Distributions paid - \$7.4 million
 - Share buyback - \$0.7 million

Offset by

- Operating cash flows - \$5.0 million

NAV

- NAV decline of \$0.04 to \$1.22 per security
- Decline attributed to net
 - Fair value decline of legacy assets \$0.02
 - Acquisition and due diligence costs written off \$0.01
 - Changes in legacy provisions \$0.01

1. Includes \$1 million (FY16: \$1.8 million) non statutory property carrying value adjustments



3

Market Update



Domestic visitors and expenditure – FY16 and FY17 comparative

Domestic Tourism Growth Australia

▲ 3% Visits

NSW Visits

▲ 4% Growth

SA Visits

▲ 1% Growth

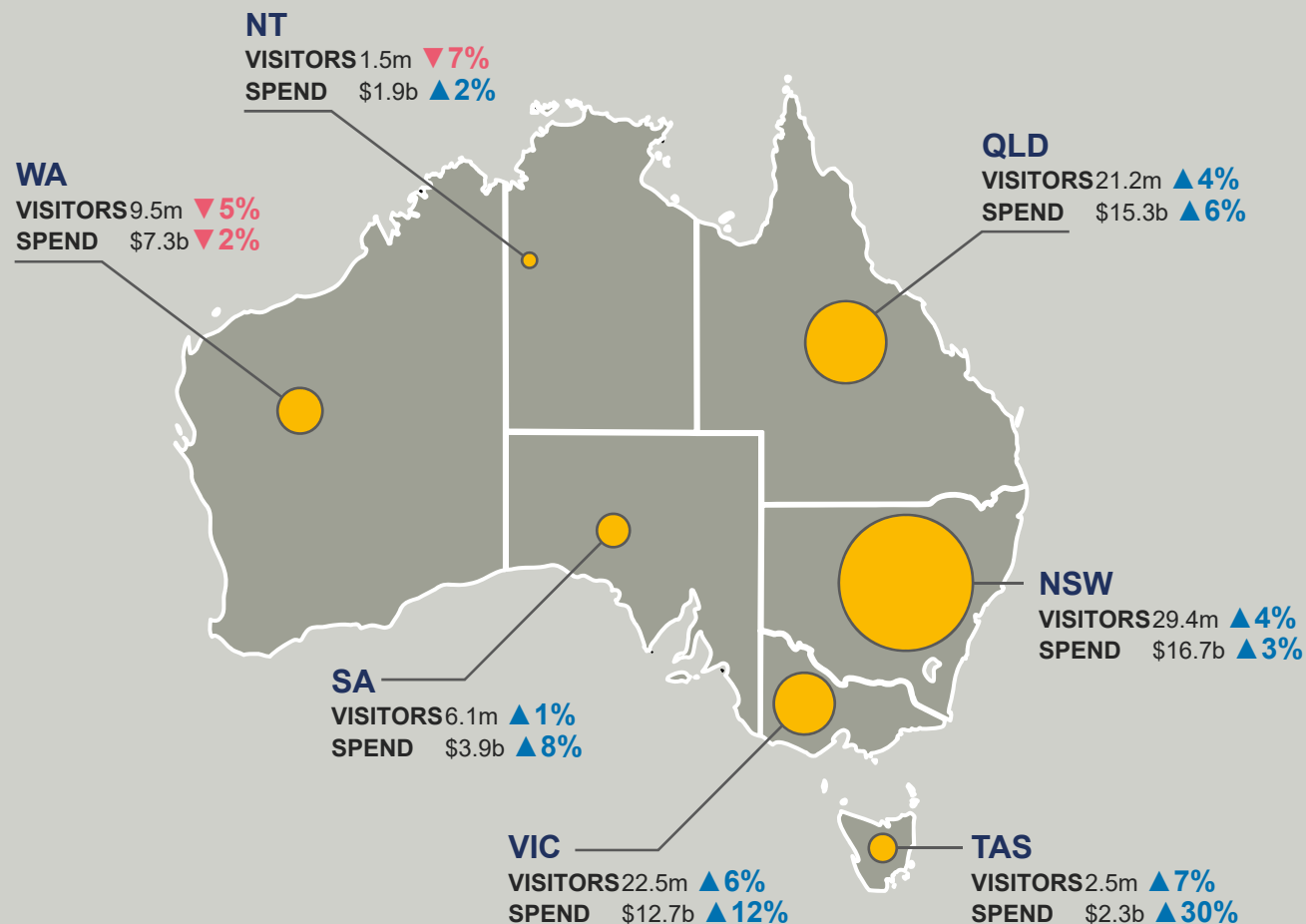
NT Visits

▼ 7% Decline

International Tourism Growth Australia

▲ 9% Visitors

Caravan and Camping
Sector stable Year on Year



Domestic visitors – Forecast FY18

Domestic Tourism Growth Australia

▲ 1.5% Visitor Nights

NSW Visits

▲ 0.9% Growth

SA Visits

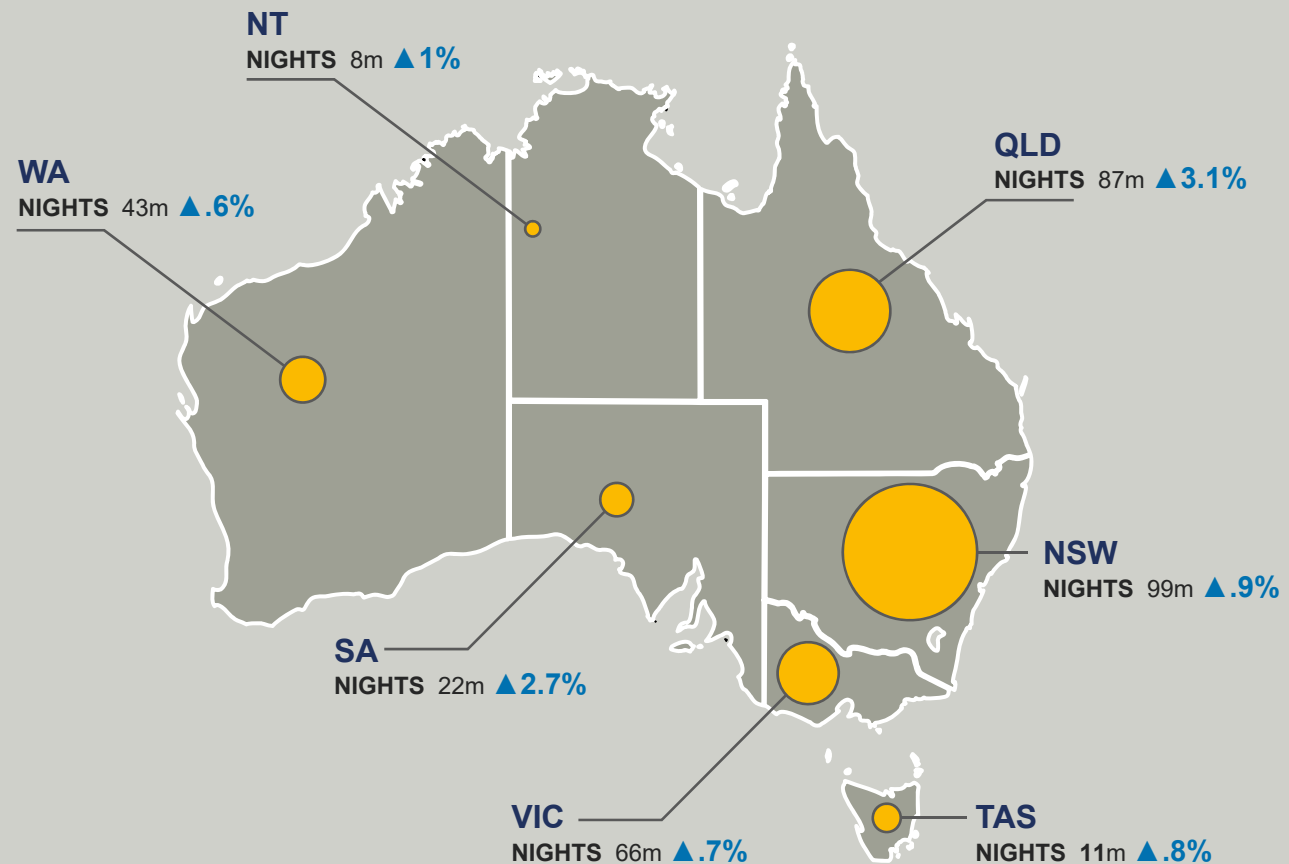
▲ 2.7% Growth

NT Visits

▲ 1% Growth

International Tourism Growth Australia

▲ 8.7% Visitor Nights



Aspen positioned to capitalise in this environment

High international visitation to Australia will be predominantly focused on the capital cities - driving city hotel rates up.

Domestic consumers will be looking outside the major cities for better value for their holiday dollar.

Increased demand for holidays in regional Australia

Sluggish economic and wages growth placing household budgets under pressure.

Consumers looking for a great value holiday product that fits into a tight household budget

Increased demand for affordable holidays

Lower rates of growth in outbound international travel by Australians is forecast due to weaker economic factors.

The Australian holiday maker will increasingly be looking to domestic destinations for their next holiday.

Increased demand for domestic holidays

Oil prices predicted to remain stable at the current historically low rate.

Self-drive holidays will remain a cost effective holiday option with fuel prices under control.

Lowering barriers to self-drive travel



Tourism accommodation businesses with a strong affordable value proposition strongly placed to gain significant market share of the domestic traveller.

Aspen in a strong position to grow by getting the value mix right.



Value of intending retirees homes significantly outweighs savings at an average of 495k offering significant opportunity to unlock capital through downsizing

Total intending to retire

2016: 395,000

2014: 411,000

Intended Retirement Age

61 yrs

▲ from 58 in 2014

Average gross wealth
position of intending
retirees

\$286,000

Average value of intending
retirees home per person

\$495,000



Source: Roy Morgan Single Source: 12 months to October 2014 (n=447) and October 2016 (n=432). Base: Australians 14+ intending to retire in the next 12 months.

*Excluding value of owner occupied home.



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Portfolio and Acquisitions Update

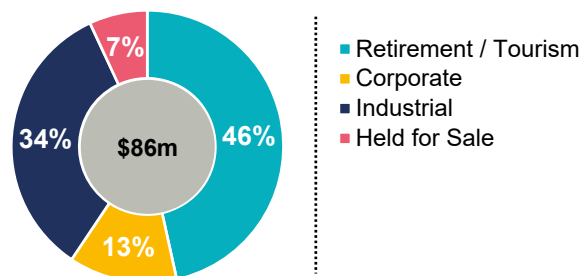


Property portfolio

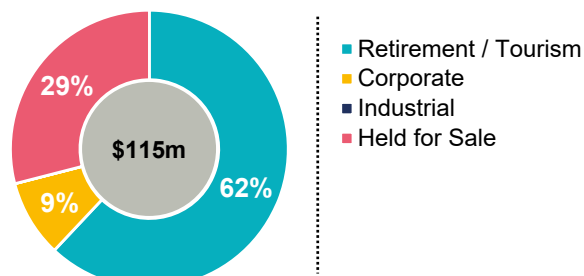
4.1

60%¹ core assets growth achieved through tourism park acquisitions negotiated in FY17

30 June 2016	\$m	%
Core		
Retirement / Tourism	40.0	47%
Corporate	11.0	13%
	51.0	59%
Non-core		
Industrial	29.0	34%
Held for Sale	6.4	7%
	35.4	41%
Total Property	86.4	100%



30 June 2017	\$m	%
Core		
Retirement / Tourism ¹	71.1	62%
Corporate	10.3	9%
	81.4	71%
Non-core		
Industrial	-	-
Held for Sale	33.4	29%
	33.4	29%
Total Property¹	114.8	100%



Barlings Beach

- Three high quality acquisitions during FY17
 - Tween Waters \$6.8 million
 - Barlings Beach \$13.25 million
 - Koala Shores \$10.2 million¹
- Strong pipeline of potential acquisitions in varying stages of diligence: > \$90 million
- 3 Non-core assets all contracted for sale. Proceeds of ~ \$34 million expected in 1H FY18

1. Includes Koala Shores acquisition which remains conditional - expected to be completed Q2 FY18

Accommodation portfolio

4.2

Retirement

	Four Lanterns Estate	Tomago Van Village ³	Mandurah Gardens Estate	Total
State	NSW	NSW	WA	-
Carrying value ⁴ (\$m)	9.3	11.3	10.3	30.9
Cap rate %	7.75%	9.00%	8.75%	8.39%
Land tenure	Freehold	Freehold	Freehold	-
Area (ha)	3.9	13.9	6.8	24.6
Value per ha (\$m)	2.38	0.81	1.51	1.26
Inventory				
Extended	102	73	158	333
Short cabins ¹	-	70	-	70
Short sites ²	-	14	-	14
Total	102	156	158	416
DA approved	28	53	-	81
Pre-DA	-	-	-	-
Total	28	53	-	81
Total potential sites	130	190 ⁵	158	498
Value per site (\$m)	0.07	0.06	0.07	0.06
FY17 occupancy rates (LT)	98%	91%	100%	
FY17 occupancy rates (ST)	N/A	56%	100%	



Four Lanterns Estate



Tomago Van Village



Mandurah Gardens Estate

1. Cabins used for short-stay, annual or corporate accommodation
2. Sites used for caravans or designated camping
3. Assumes future conversion from mixed use to predominately retirement
4. Includes value attributed to non-income earning components (eg) VED and DA's
5. Total sites net off consolidation of pre-existing lots



Accommodation portfolio

4.3

Tourism

	BIG4 Tween Waters	Barlings Beach ⁴	BIG4 Koala Shores ⁵	Adelaide Caravan Park	Total
State	NSW	NSW	NSW	SA	-
Carrying value ⁶ (\$m)	7.2	13.3	10.2	9.5	40.2
Cap rate %	8.75%	8.50%	-	9.50%	8.89%
Land tenure	Freehold	Freehold	Freehold/Leasehold	Freehold ¹	-
Area (ha)	1.9	8.8	6.5	1.5	18.7
Value per ha (\$m)	3.79	1.51	1.57	6.33	2.15
Inventory					
Extended	-	23	-	-	23
Short cabins ²	31	206	35	44	316
Short sites ³	65	29	108	49	251
Total	96	258	143	93	590
DA approved	-	-	-	1	1
Pre-DA	-	-	-	-	-
Total	-	-	-	1	1
Total potential sites	96	258	143	94	591
Value per site (\$m)	0.08	0.05	0.07	0.10	0.07
FY17 occupancy rates (LT)	N/A	100%	N/A	N/A	
FY17 occupancy rates (ST)	49% ⁷	24% ⁷	N/A	71%	



Adelaide Caravan Park



BIG4 Tween Waters



Barlings Beach



BIG4 Koala Shores

1. In-place zoning for medium density residential
2. Cabins used for short-stay, annual or corporate accommodation
3. Sites used for caravans or designated camping
4. Includes group lodge accommodating ~12 guests
5. Acquisition remains conditional - expected to be completed Q2 FY18
6. Includes value attributed to non-income earning components (eg) VED and DA's
7. Annualised average occupancy due to timing of acquisition



Accommodation portfolio

4.4

Corporate

	Aspen Karratha Village	Total
State	WA	-
Carrying value ² (\$m)	10.3	10.3
Cap rate %	17.75%	17.75%
Land tenure	Freehold	-
Area (ha)	2.9	2.9
Value per ha (\$m)	3.56	3.56
Inventory		
Extended	-	-
Short cabins ¹	180	180
Short sites ⁴	-	-
Total	180	180
DA approved	-	-
Pre-DA	-	-
Total	-	-
Total potential sites	180	180
Value per site (\$m)	0.06	0.06
FY17 occupancy rates (LT)	N/A	
FY17 occupancy rates (ST)	89%	



Aspen Karratha Village

1. Cabins used for short-stay, annual or corporate accommodation
2. Includes value attributed to non-income earning components (eg) VED and DA's



Tomago Van Village



Development

- Tomago – Development approval granted for 53 new homes, which will allow for progressive development and after consolidations (generally short stay), will provide for a net increase of circa 34 homes by the end of 2020 and shift park revenue composition to predominately permanent residents.
- Project to launch in FY18
 - Construction expected to commence Q2FY18 with first settlements in Q4FY18.

Yield, staging and timeframes

- Developed over four stages
- Progressive consolidation of ~40 park owned sites provides for development of 74 new dwellings resulting in net increase of 34 homes
- Anticipated sell out Q2FY20

Four Lanterns expansion



Development

- Secured development approval for 28 new homes
- Strong community interest and demand for affordable product in metropolitan Sydney
- Site recycling has enhanced the overall presentation of the park to deliver improved yields
- Construction expected to commence in Q3FY18 subject to external infrastructure provider and first homes to arrive on site Q4FY18

Yield, staging and timeframes

- Twenty eight new homes to be developed in four stages
- Anticipated sell out Q1FY19
- Major works comprise decommissioning of private sewer plant and connection to municipal services

Aspen's continues to divest its legacy assets

Spearwood South Industrial Estate

- Contracted for sale at \$28.0m (3.4% discount to 1H FY17 book value)
- Settlement expected to occur 29 September 2017

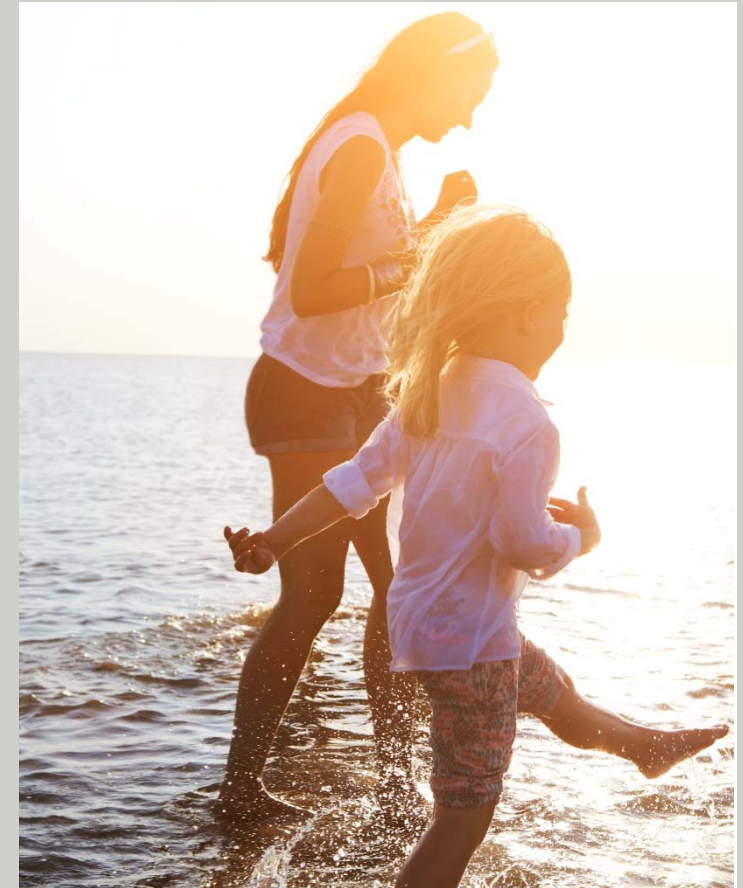
Midland

- Conditional contract \$2.5 million
- Anticipated settlement in 1H FY18

Aspen Whitsunday Shores Pty Ltd (AWSS)

- Settled remaining development syndicate land asset for \$3.5 million on 15 August 2017
- Syndicate to proceed with wind-up

Disposal of AWSS and Midlands attribute immediate uplift in sustainable earnings. Midland and AWSS contributed losses of ~\$0.3 million to FY 17 earnings.





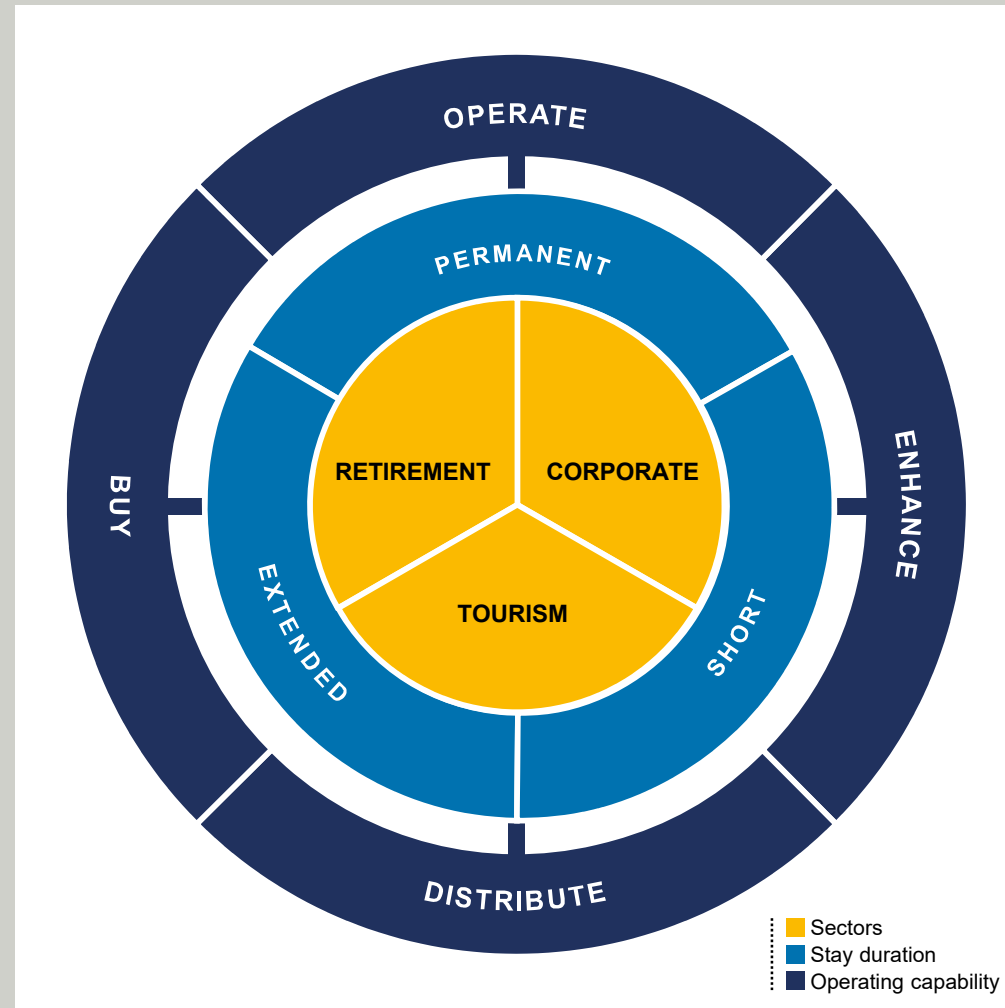
5

Operating Model



Operating model aims to produce high yielding returns in affordable accommodation augmented by development returns through the upgrade of sites and expansion of parks

- Aspen continues to identify and pursue opportunities in our three existing sectors – Tourism, Retirement and Corporate acquisitions
- Our operating model enables expansion into adjacent sectors leveraging our capability in Operations, Development and Marketing / Distribution
- Additional efficiency opportunities exist through the establishment and operation of geographic clusters



Create, own and operate communities at affordable prices



BUY

- 3 core sectors – Tourism, Retirement and Corporate
- Off or near market
- Specialist acquisition skills
- Execution capabilities

ENHANCE

- Business plan
- Opportunity driven (e.g.) intensification
- Combined in-house operational expertise
- Financially disciplined

OPERATE

- Distribution and revenue management strategy
- Operational focus, managing financial performance
- EPS / DPS



6

Outlook



- Portfolio expansion targeting ~\$90 million in acquisitions
- Commence development at Tomago and Four Lanterns
- Complete exit of non-core assets yielding ~\$34 million
- Earnings growth expected in line with portfolio expansion



BIG4 Tween Waters



Barlings Beach



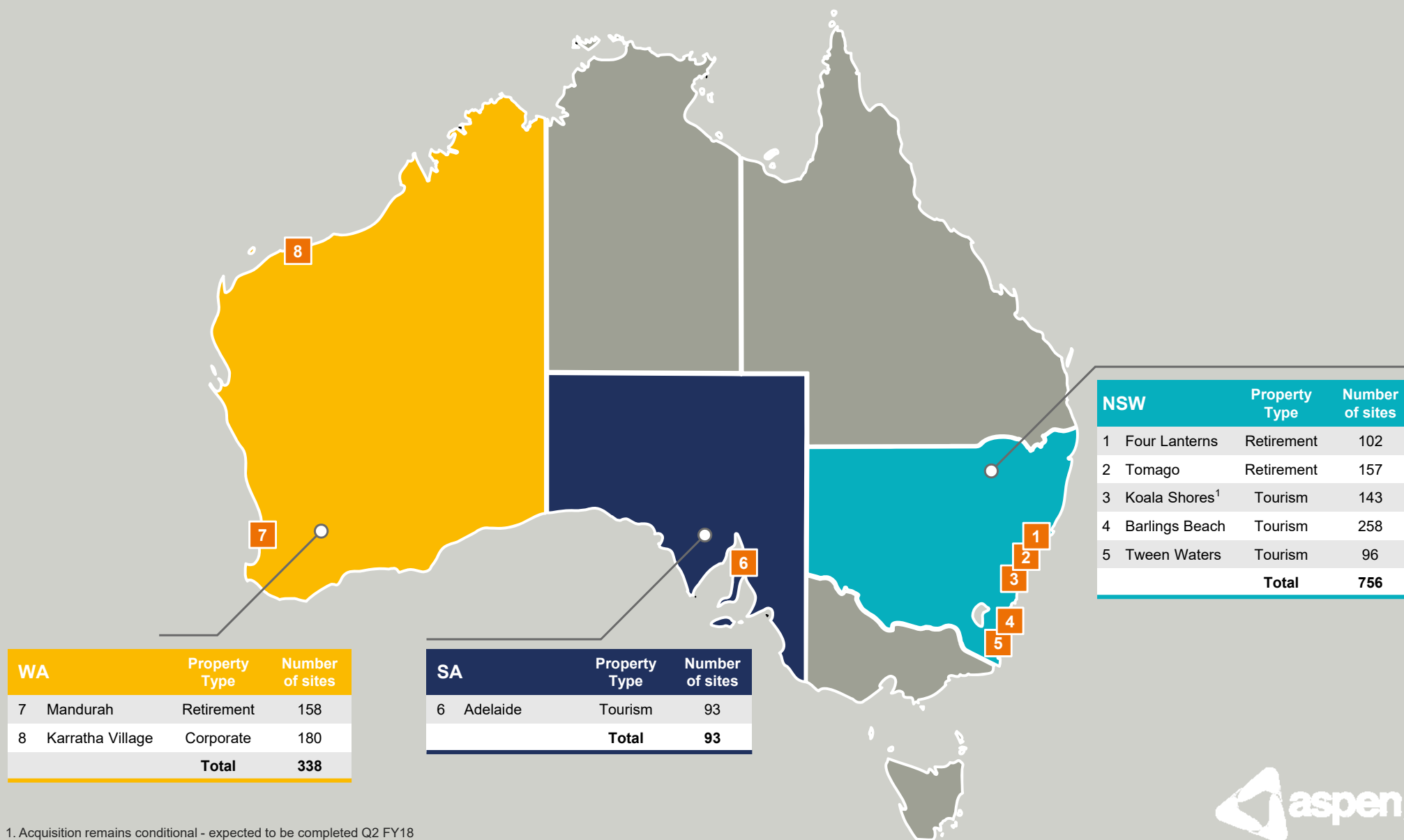
BIG 4 Koala Shores



7

Appendices





Acquisition: BIG4 Tween Waters Holiday Park

7.2

South Coast, NSW (7.5hrs South of Sydney) – December 16

Location

Far South Coast, adjacent Merimbula town centre (170kms south of Batemans Bay)

Type

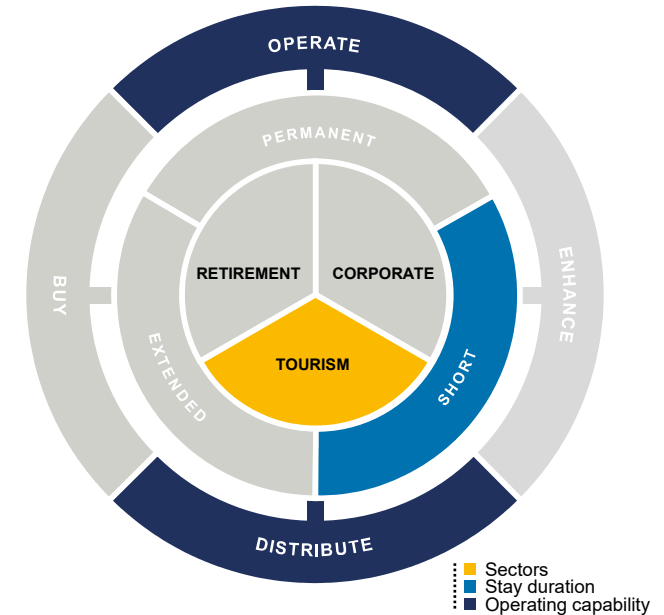
Beachfront, full tourist park with recently renovated cabins and water play park

Scale

96 sites including 31 cabins

Opportunity

- Earnings growth via leveraging of distribution capability and establishment of South Coast cluster



Acquisition price	Ingoing yield (excl. acq. costs)	Extended sites	Short sites	Total area	Tenure
\$6.8m	9.4%	-	96	1.9 ha	Freehold



Acquisition: Barlings Beach Holiday Park

7.3

South Coast, NSW (6hrs South of Sydney) – January 2016

Location

Absolute beachfront adjacent to Tomakin Village 17km's south of Batemans Bay

Type

Beachfront, predominantly tourism park with Canberra, Sydney and local region client base

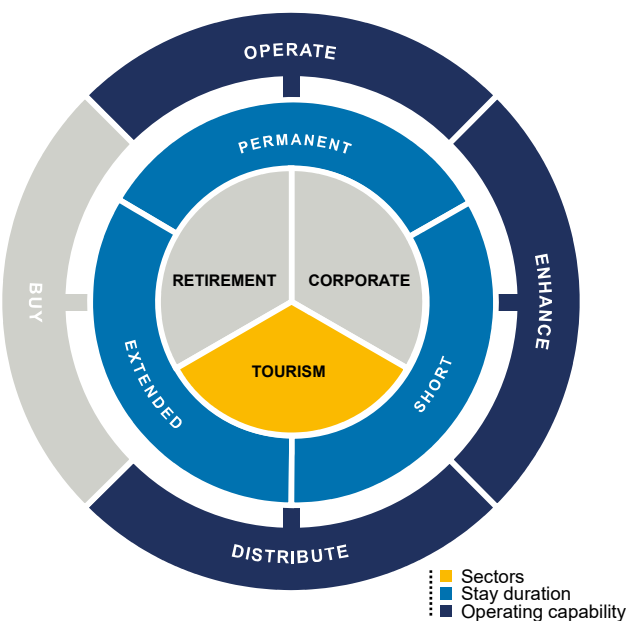
Scale

258 sites including 23 permanents, 171 annuals, 35 cabins and 29 sites

Opportunity

Highly stable earnings due to predominant share of annual and permanent sites, earnings improvement opportunity through leveraging of distribution capability.

Potential for additional cabins on beachfront location sites. Presentation enhancement through continued replacement of aging caravans with new cabins on annual sites.



Acquisition price	Ingoing yield (excl. acq. costs)	Extended sites	Short sites	Total area	Tenure
\$13.3m ¹	9.1%	194	64	8.7 ha	Freehold

1. Includes \$1.25m delayed settlement (12 months)



Acquisition: BIG4 Koala Shores Holiday Park¹

7.4

Central Coast, NSW (2hrs North of Sydney) – November 2016

Location

45km from Newcastle, 25km from Tomago Van Village – establishes NSW North Coast cluster. 15 minutes from Newcastle airport

Type

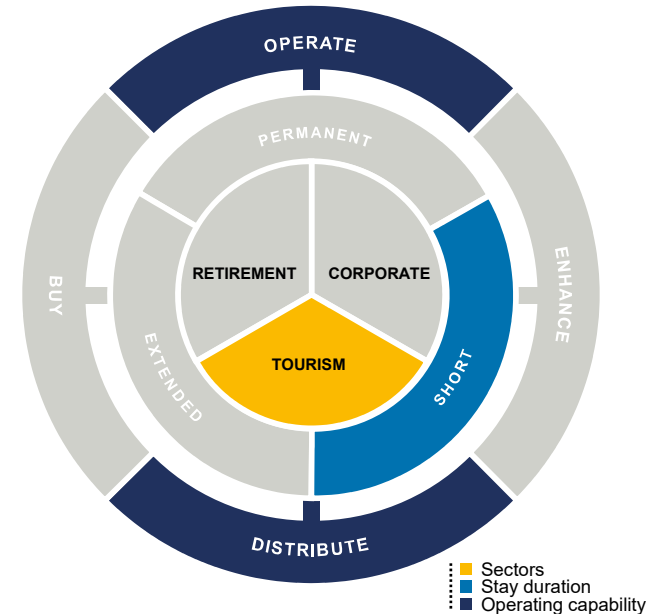
Full tourist park, water frontage, newly renovated cabins and excellent park presentation

Scale

143 sites including 34 cabins

Opportunity

Earnings growth potential via leveraging of distribution capability and clustering with Tomago Van Village



Acquisition price	Ingoing yield (excl. acq. costs)	Extended sites	Short sites	Total area	Tenure
\$10.2m	9.5%	-	143	6.5 ha	Freehold/Leasehold

1. Acquisition remains conditional - expected to be completed Q1 FY18



Operating earnings

7.6

	FY17 \$m	FY16 ¹ \$m
Profit / (loss) from operations		
Accommodation		
- Aspen Group properties	7.0	7.2
- APPF properties	-	9.3
- APPF management fees / equity	-	0.4
Non-core	3.4	3.2
Total gross profit	10.4	20.1
Operating expenses and depreciation	(6.5)	(12.6)
Net Financial income / (expenses)	0.6	(1.6)
Operating profit before tax	4.5	6.0
Income tax expense	-	-
Operating profit after tax	4.5	6.0
NCI (APPF only)	-	(1.2)
APZ share of operating profit after tax	4.5	4.8
add backs²	0.6	0.8
Distributable earnings	5.1	5.6
APZ distributions	4.7	10.2

1. FY16 figure presented on a deconsolidated basis excluding APPF performance

2. Relates to depreciation less stay in business capex



Balance sheet

7.7

	Jun 17 \$m	Jun 16 \$m
Cash	22.7	48.8
Property Assets ¹	71.2	80.0
Assets held for sale / other assets	40.2	11.7
Total Assets	134.1	140.5
Debt	-	-
Other	9.5	10.9
Total Liabilities	9.5	10.9
Net Assets	124.6	129.6
Net Assets attributed to Aspen Group	124.6	129.6
NAV per share	1.22	1.26
Gearing %	-	-

1. Includes \$1 million (FY16: \$1.8 million) in unrecognised non – statutory adjustments



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