

Aspen Group 1H FY17 Results Presentation

21 February 2017





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1H FY17 HIGHLIGHTS

Aspen has made significant progress executing its business plan

Underlying performance in line with expectations

- Statutory profit to \$0.5 million
- Operating profit¹ of \$2.5 million
- Corporate cost structure realigned to match business scale
- NAV per share of \$1.25²
- Distribution for 1H FY17 in line with guidance at 2.1 cents

Portfolio rebuild underway

- Three high quality acquisitions during 1H FY17
 - Tween Waters \$ 6.8 million at an ingoing yield of 9.4%³ (Settled Dec-16)
 - Barlings Beach \$13.25 million at an ingoing yield of 9.1%³ (Settled Jan-17)
 - Koala Shores \$10.2⁴ million reflects an ingoing yield of 9.5%³
- Total sites of ~1200 once acquisitions are completed
- 28 site expansion DA approved at Four Lanterns
- Tomago Van Village DA for an additional 34 sites in progress

Positioned for growth

- Strong pipeline of potential acquisitions in varying stages of diligence: > \$100.0 million⁵
- Operating leverage to support future expansion
- Forecast FY17 distributable earnings based on current portfolio⁶ expected to be in a range of 4.8 – 5.3 cps

1 Operating profit is a non-IFRS measure used to reflect the underlying operating performance of the business.

2 Includes impact of 1H FY17 distribution announced on 19 January 2017

3 Excludes acquisition costs

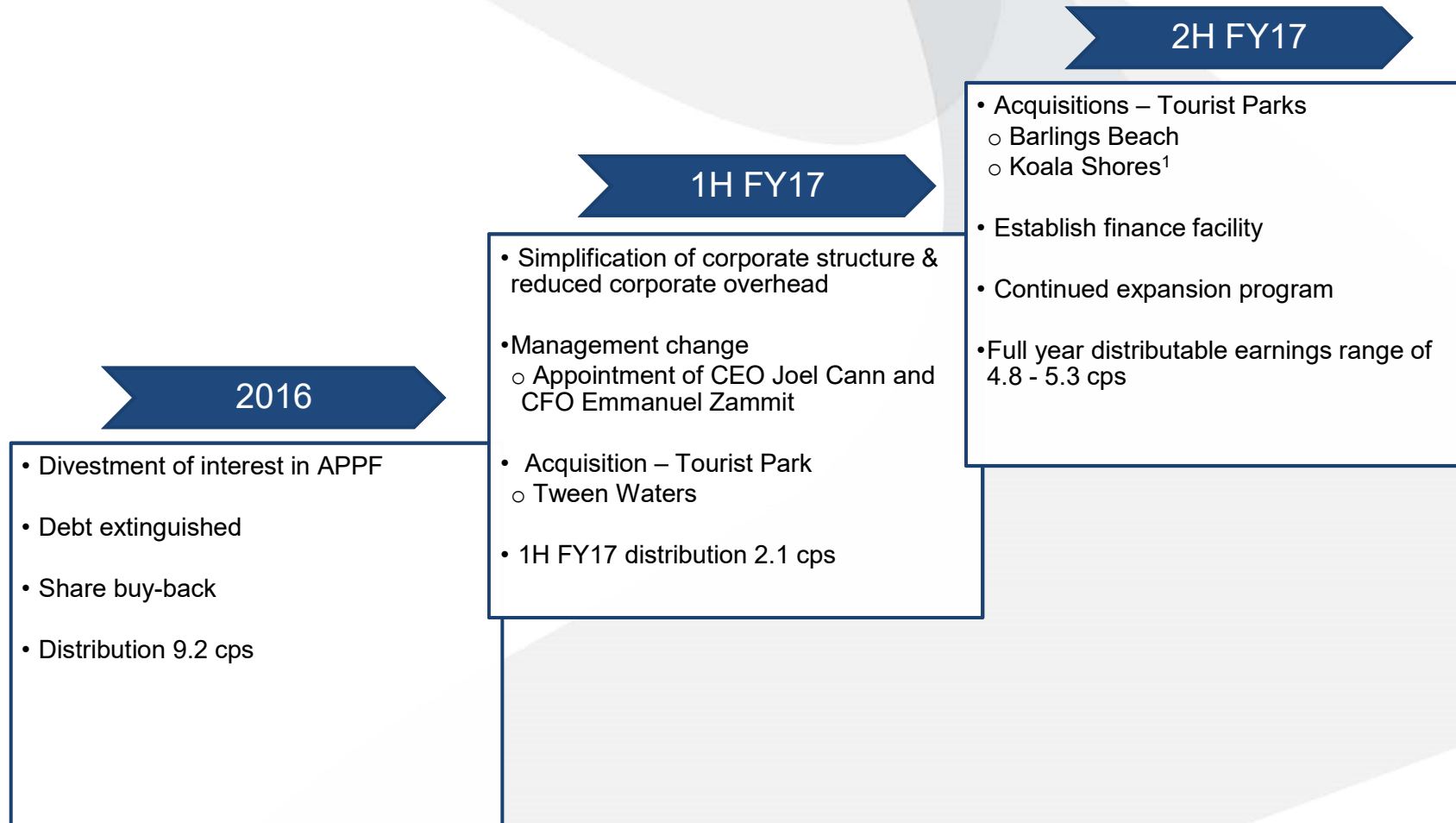
4 Acquisition remains conditional - expected to be completed Q4 FY17

5 There is no certainty that all or any of this pipeline of potential acquisitions may actually be acquired

6 Assumes completion of Koala Shores acquisition in Q4 FY17

KEY MILESTONES

Post - APPF, Aspen has commenced building its affordable accommodation business



¹ Acquisition remains conditional - expected to be completed Q4 FY17



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KEY PERFORMANCE METRICS

Performance reflects rebasing of group at lower scale. Expansion of portfolio underway

Operational Performance	1H FY17 \$m	1H FY16 ¹ \$m	Change %
Revenue	9.0	9.4	(4.7)
Statutory profit / (loss) ²	0.5	5.6	(91.1)
Operating profit ²	2.5	2.7	(5.6)
MER% ⁴	3.8%	4.1%	

Distributable earnings	1H FY17 \$m	cps
Operating profit	2.5	2.5
<i>add:</i> Depreciation	0.4	-
<i>less:</i> Stay in business capex	(0.2)	-
Distributable earnings	2.7	2.7
Distribution		2.1
Payout Ratio		78%

Revenue

- Portfolio revenue increased 10% due to distribution gains and full ownership for the 1H FY17 period.
- Offset by prior year inclusion of APPF management fees of \$1.2 million.

Statutory profit

- Statutory profit in prior period benefited from the gains on the deconsolidation of APPF.

Operating profit

- MER shows slight improvement reflecting benefits of corporate restructuring initiative.
- Further improvement expected in H2.

Distribution

- 2.1cps in line with guidance.

1 FY16 figure presented on a deconsolidated basis excluding APPF performance
 2 Excludes the non-controlling interest share of APPF results
 3 FY16 revenue excludes APPF management fee
 4 Annualised 6 month MER based on average total assets

RECONCILIATION OF STATUTORY PERFORMANCE TO OPERATING PROFIT



	1H FY17 \$m	1H FY16 ¹ \$m
Statutory profit after tax	0.5	5.6
Tax benefit	-	-
Statutory profit before tax	0.5	5.6
Profit / (loss) from discontinued operations	0.7	0.2
Revaluation of Properties	0.9	9.6
Fair value gain on deconsolidation of APPF	-	(17.5)
Transaction / acquisition costs	0.7	3.2
Other	(0.3)	1.6
Non-operating (loss) / profit	2.0	(2.9)
Operating profit	2.5	2.7

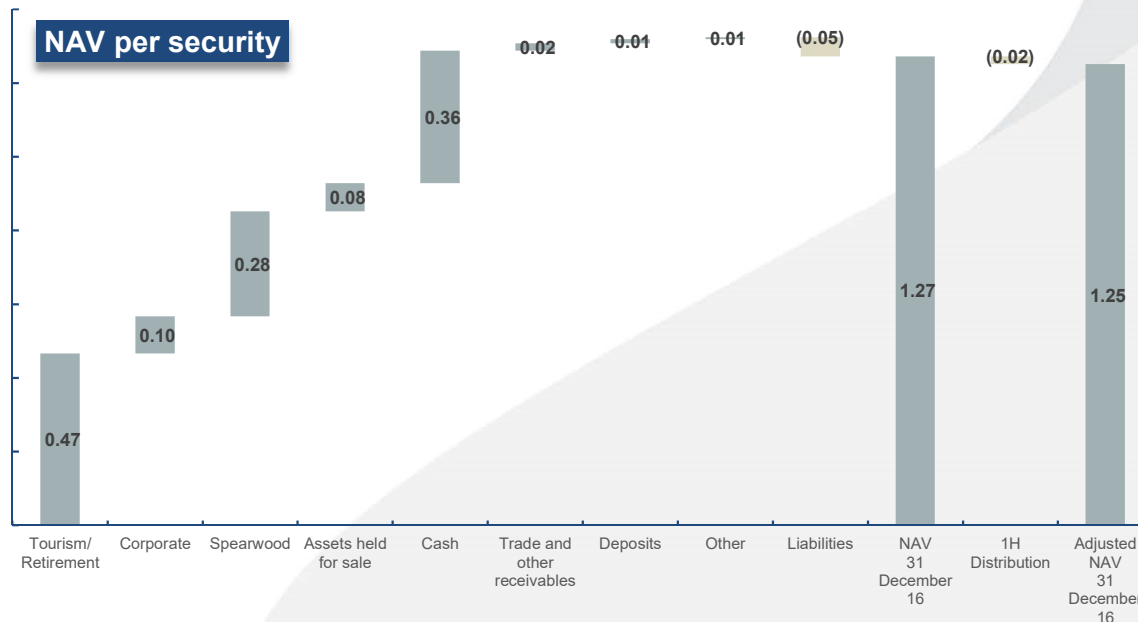
1 FY16 figure presented on a deconsolidated basis excluding APPF performance

FINANCIAL POSITION

Balance Sheet	Dec 16 \$m	Jun 16 \$m	Change \$m
Property Assets ¹	86.8	80.0	6.8
Cash	36.7	48.8	(12.1)
Debt	-	-	-
Gearing %	-	-	-
NAV ²	127.5	129.6	(2.1)
NAV ² \$ per security	1.25	1.26	(0.01)

1 Includes acquisition costs incurred on accommodation park acquisitions - \$2.5m (Jun 16: \$1.8m)

2 Includes impact of 1H FY17 distribution announced on 19 January 2017



- One acquisition (Tween Waters) settled during 1H FY17 for \$6.8 million. Two further properties under contract.
- Cash utilisation of \$13 million
 - Acquisitions - \$7.9 million (incl. deposits for Tween Waters and Barlings Beach)
 - 1H FY16 Distribution - \$4.9 million
 - Share buyback - \$0.7 million
- Business retains significant cash holdings, with no debt – Gearing Nil
- NAV of \$1.27
 - Reduces to \$1.25 on a like-for-like basis post the 1H distribution
 - ~29% of NAV represented in cash

PROPERTY PORTFOLIO

Acquisition of 3 additional tourism parks negotiated in 1H FY17



30 June 2016	\$m	%
Tourism / Retirement	40	46%
Corporate	11	13%
Industrial	29	33%
Held for Sale	6	8%
Total Property	86	100%

31 December 2016	\$m	%
Tourism / Retirement	71	61%
Corporate	10	9%
Industrial	29	25%
Held for Sale	6	5%
Total Property¹	116	100%

1 Includes Barlings Beach Holiday Park and Koala Shores which were subject to purchase contracts as at 31 December 2016

ACCOMMODATION PORTFOLIO DETAILS



	Four Lanterns Estate	Tomago Van Village	Mandurah Gardens Estate	Adelaide Caravan Park	BIG4 Tween Waters	Barlings Beach ⁵	BIG4 Koala Shores ⁶	Aspen Karratha Village	Total
State	NSW	NSW	WA	SA	NSW	NSW	NSW	WA	-
Segment / accommodation type	Retirement	Retirement ¹	Retirement	Tourism	Tourism	Tourism	Tourism	Corporate	-
Carrying value (\$m)	8.2	11.5	10.4	9.7	7.3	13.3	10.2	10.3	80.9
Land tenure	Freehold	Freehold	Freehold	Freehold ²	Freehold	Freehold	Freehold/ Leasehold	Freehold	-
Area (ha)	3.9	13.9	6.8	1.5	1.9	8.8	6.5	2.9	46.2
Existing long-stay	102	74	158	-	-	22	-	-	356
Short-stay cabin ³	-	68	-	45	31	208	35 ⁸	180	567
Short-stay sites ⁴	-	14	-	31	77	29	108	-	259
Total	102	156	158	76	108	259	143	180	1,182
DA approved	28	15	-	9	-	-	-	-	52
Pre-DA	-	34	-	2 ⁷	-	-	-	-	36
Total	28	49	-	11	-	-	-	-	88
Total potential sites	130	205	158	87	108	259	143	180	1,270

1 Assumes future conversion from mixed use to predominately retirement

2 In-place zoning for medium density residential

3 Cabins used for short-stay, annual or corporate accommodation

4 Sites used for caravans or designated camping

5 Acquisition settlement – 31 January 2017

6 Acquisition remains conditional - expected to be completed Q4 FY17

7 DA, if approved, converts existing chapel into group lodging accommodating ~15 guests

8 Includes group lodge accommodating ~12 guests



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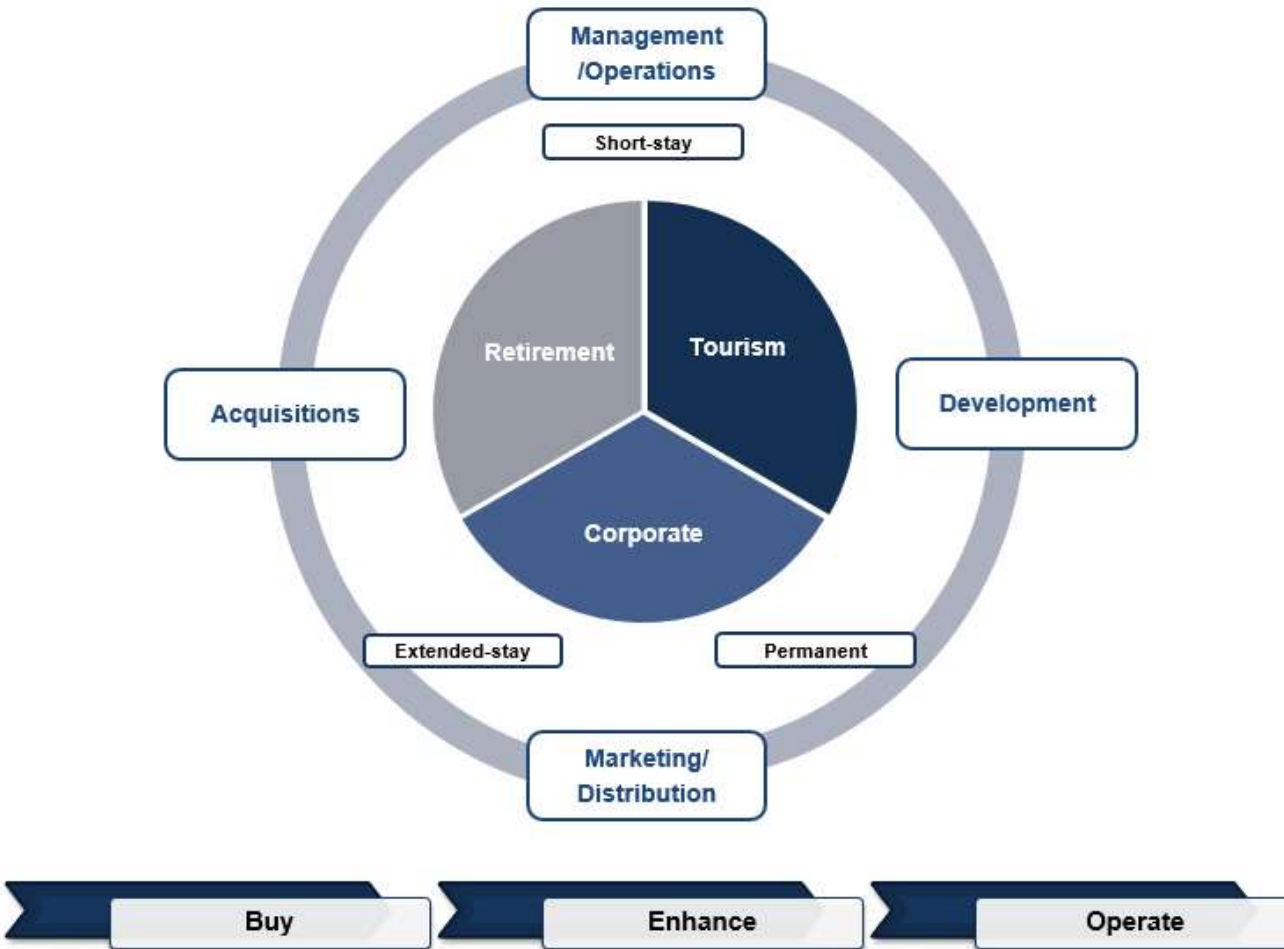
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OPERATING MODEL



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

GROWTH OPPORTUNITIES

Earnings growth potential in line with 1H portfolio expansion

- Aspen continues to have significant acquisition appetite
- Cash of ~\$32m was allocated to new portfolio assets during 1H FY17
 - One tourism asset acquired during 1H – Tween Waters
 - Two further tourism acquisitions totalling ~\$24m announced
 - Barlings Beach – acquired 31 January 2017
 - Koala Shores – expected settlement March / April 2017
- Recent acquisitions have been secured on ingoing yields of 9.0 – 9.5%

Further capacity for growth

- Aspen balance sheet remains ungeared
- Clear capacity for debt with solid underlying earnings in place and anticipated improvement as low yield cash is deployed into higher yielding operating assets
- Balance sheet expected to have the capacity to support ~\$60-70 million of debt funded acquisitions
- \$6 million of assets held for sale which once exited is available for acquisitions

GROWTH OPPORTUNITIES (continued)

Expansion opportunities

- Plans to intensify utilisation of Tomago Van Village and Four Lanterns Estate remain in progress
 - Four Lanterns DA has been approved allowing a further 28 sites to be added
Development targeted to commence Oct – Dec 2017
 - Tomago masterplan submission has been lodged
Masterplan seeks to increase current DA approved expansion of 15 sites by an additional 34 sites
 - Council consideration in progress
 - Development timing to be confirmed once DA application process is concluded

- Continue to build the affordable accommodation portfolio with high quality assets that offer attractive yields and allow Aspen's strength in distribution and operations to be leveraged

BUSINESS OUTLOOK

Earnings outlook

- FY17 distributable earnings¹ expected to be in a range of 4.8 – 5.3 cps
- Second half distribution range of 2.0 - 2.5 cps anticipated subject to satisfactory performance and funding requirements.
- Acquisitions¹ contracted in 1H FY17 are expected to yield distributable earnings of ~\$2.4 million in FY18.

¹ Includes Koala Shores acquisition which is expected to complete in Q4 FY17. The acquisition remains conditional on the satisfaction of conditions precedent which if not satisfied may result in the acquisition not completing which will impact the forecast outlook detailed above.



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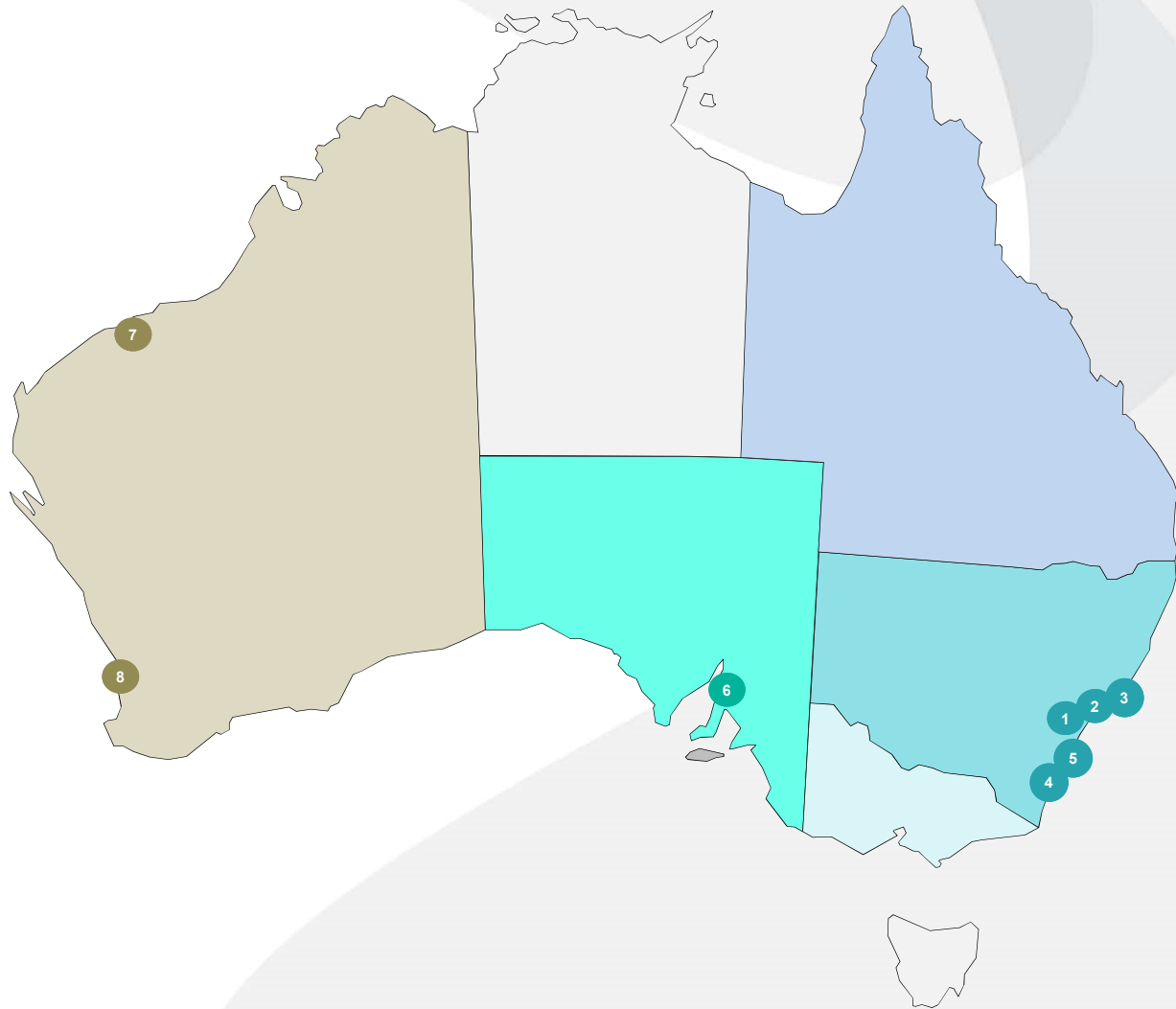
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ASPEN ACCOMMODATION PORTFOLIO



Portfolio clusters established on NSW Central and South Coasts



NSW	Property Type	No. of sites
1	Four Lanterns	Retirement 102
2	Tomago	Retirement 156
3	Koala Shores	Tourism 143
4	Tween Waters	Tourism 108
5	Barlings Beach	Tourism 259
Total		768

SA	Property Type	No. of sites
6	Adelaide	Tourism 76
Total		76

WA	Property Type	No. of sites
7	Karratha Village	Corporate 180
8	Mandurah	Retirement 158
Total		338

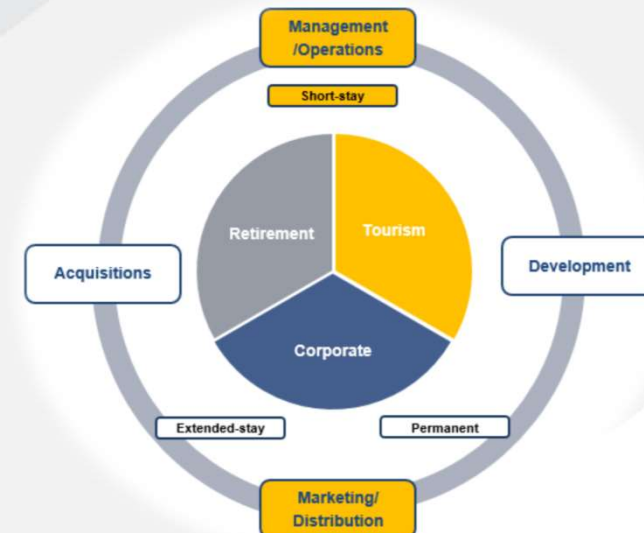
ACQUISITION – BIG4 TWEEN WATERS HOLIDAY PARK

South Coast, NSW (7.5hrs South of Sydney)



- ❖ **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** – 108 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)	Long-term sites	Short-term sites	Total area	Tenure
\$6.8m	9.4%	-	108	1.9 ha	Freehold



ACQUISITION – BARLINGS BEACH HOLIDAY PARK

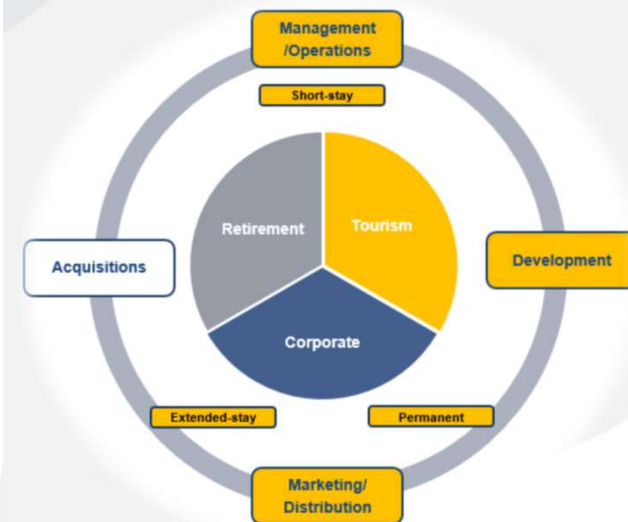
South Coast, NSW (6hrs South of Sydney)



- ❖ **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** – 246 sites including 20 permanents, 167 annuals, 34 cabins and 25 sites
- ❖ **Opportunity** – Highly stable earnings due to predominant share of annual and permanent sites, earnings improvement opportunity through leveraging of distribution capability

Acquisition price	Ingoing yield (excl. acq. costs)	Long-term / annual sites	Short-term sites	Total area	Tenure
\$13.3m ¹	9.1%	187	59	8.7 ha	Freehold

¹ includes \$1.25m delayed settlement (12 months)



ACQUISITION – BIG4 KOALA SHORES HOLIDAY PARK

PENDING

Central Coast, NSW (2hrs North of Sydney)



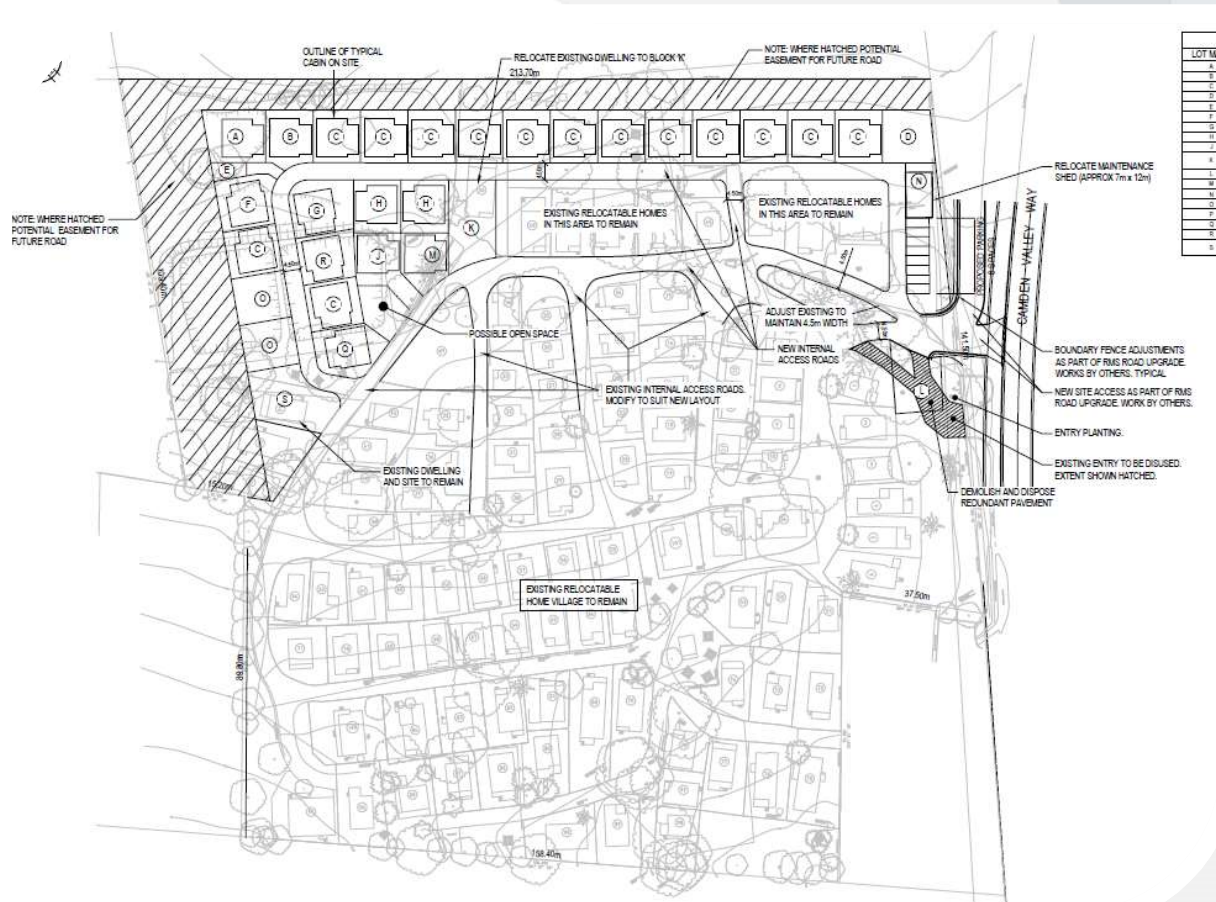
- ❖ **Location** - 45km from Newcastle, 25km from Tomago Van Village – establishes NSW North Coast cluster
- ❖ **Type** - Full tourist park, water frontage, newly renovated cabins and excellent park presentation
- ❖ **Scale** - 142 sites including 34 cabins
- ❖ **Opportunity** – Earnings growth potential via leveraging of distribution capability and clustering with Tomago Van Village
- ❖ Acquisition remains conditional - expected to be completed Q4 FY17

Acquisition price	Ingoing yield (excl. acq. costs and house)	Long-term sites	Short-term sites	Total area	Tenure
\$10.2m	9.5%	-	142	6.5 ha	Freehold / Leasehold



FOUR LANTERNS: EXPANSION

Development to unlock significant 30% expansion of sites



- Property purchased in January 2015
 - Consists of 102 sites
 - Since acquisition, over 5% of sites have been purchased and recycled with modern homes
- DA approved to add 28 residential sites
- Strong community interest and demand for affordable product in metropolitan Sydney.
- Home price ~ \$300k compares favourably to local median house ~ \$754k
- Site recycling has enhanced the overall presentation of the park to deliver improved yields and increase customer demand for the larger scale development
- Development expected to commence in Q4 FY17

OPERATING EARNINGS



	1HFY17 \$m	1HFY16 ¹ \$m
Profit / (loss) from operations		
Accommodation		
- Aspen Group properties	3.4	3.5
- APPF management fees / equity	-	2.0
Non-core	1.6	1.6
Total gross profit	5.0	7.1
Operating expenses	(3.0)	(4.0)
Net Financial income / (expenses)	0.5	(0.4)
Operating profit before tax	2.5	2.7
Income tax expense	-	-
Operating profit after tax	2.5	2.7
add backs¹	0.2	0.6
Distributable earnings	2.7	3.3

1 FY16 figure presented on a deconsolidated basis excluding APPF performance

2 Relates to depreciation less stay in business capex

BALANCE SHEET



	Dec 16 \$m	Jun 16 \$m
Cash	36.7	48.8
Property Assets ¹	86.8	80.0
Assets held for sale / other ²	11.4	11.7
Total Assets	134.9	140.5
Debt	-	-
Other ³	7.4	10.9
Total liabilities	7.4	10.9
Net assets	127.5	129.6
Net assets attributed to Aspen Group	127.5	129.6
NAV³ per share	1.25	1.26
Gearing %	n/a	n/a

1 Includes \$2.5 million (FY16: \$1.8 million) in unrecognised acquisition costs included in NAV.

2 December 16 includes deposits paid for Barlings Beach and Koala Shores (\$1.2 million); Property assets held for sale (\$5.9 million)

3 Includes impact of 1H FY17 distribution announced on 19 January 2017

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