



Aspen Group

2015 Half Year Results Presentation

February 2015

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Welcome to the Aspen Group first half results presentation. My name is Clem Salwin, the chief executive of Aspen, and I am joined by Adam Marrs-Ekamper, the CFO.

Agenda



1. Review of the half year
2. Financial results
3. Business update
4. FY15 priorities

Questions

Appendices

Today I will cover off

- A review of the half year
- The financial results
- Provide an update of some of our business initiatives
- Wrap up with our key priorities

1. Review of the half year

The first half year has been a solid, if mixed, period for the business.

There continues to be significant, steady progress to become a leading accommodation provider. Performance in our main short-stay/residential product is good and cost discipline is strong. This progress internally is pleasing.

And the three key 'super-cycle' market trends underpinning our strategic focus on accommodation – ageing demographics, residential pricing, and provision of affordable housing – remain firmly in place. In fact, they have only strengthened over the last 6 months.

On the other hand, externally, part of the business continues to be buffeted by its exposure to the ongoing weakness in the resources sector. Prices for some key resource commodities collapsed during the last half year; this has had consequences to the performance and the carrying value of those properties servicing that sector.

Progress over 1H FY15



Key priorities

Progress

Non-core assets

- Settlement of Noble Park in October 2014
- \$17.8m of non-core assets sold and due to settle 2H FY15
- Spearwood only material non-core asset remaining

Aspen Parks Fund

- Recapitalisation of APPF complete
- Aspen Group now holds 42%, and now consolidated

Growth

- \$15m of acquisitions to date in FY15
- \$6m of development committed on existing parks – expect ROA mid-teens
- Residential development pipeline activating

Financial

- Overheads reduced by a further 5% since 2H FY14; expect continued falls
- Buyback of 5.7% of securities at an average price of \$1.25
- NAV per security down to \$1.37 from \$1.50 on back of resource property declines

Distribution guidance

- 1H FY15 distribution of 4.5 cents per security declared
- Confirm full year distribution guidance of 9.0 cents per security

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We have made good progress on our score card on our priorities we set 6 months ago at the last results.

On the non-core assets. The sale of Noble Park settled in October. The only material non-core asset remaining is Spearwood, and we are in discussions for its potential sale.

The Aspen Parks Fund recapitalisation was completed during the half and Aspen now has a 42% interest in the fund. As a result Aspen Group's financial results now consolidate APPF.

During the half we acquired two accommodation properties. We are actively examining multiple other acquisition opportunities. We have reactivated our development activities, in line with our stronger financial position.

Cost discipline remains a focus, with corporate overheads down 5% from the previous half and 40% down from the previous year.

The share buyback commenced, acquiring 5.7% of shares on issue at \$1.25 per share.

On the negative side, NAV has reduced to \$1.37 per share, due to the continuing impact of the weakness in the resources sector.

Finally, we met distribution guidance in the first half, with a distribution on 4.5 cents per share. We confirm that guidance for distribution for the full year FY15 at 9.0 cents per share.

Turning to some of the first half's activities in a bit more detail.

Park operating performance



- ❖ Strong performance of main short-stay/residential portfolio
- ❖ Resource sector weakness continues to be a drag on performance
- ❖ Cost control evident across the portfolio

	1HFY15 \$m	1HFY14 \$m	Change
Net income			
Short-stay/residential	8.2	7.3	12%
Resources parks	2.8	4.1	(31%)
Resorts	2.0	1.9	6%
Total	13.0	13.3	(2%)
Net income margin			
Short-stay/residential	47.7%	45.2%	2.5%
Resources parks	48.5%	56.4%	(7.9%)
Resorts	26.0%	23.4%	2.6%
	42.5%	42.3%	0.2%

Like for like basis

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When I mentioned at the outset that the half was solid but mixed for the business, we can clearly see this in our operating performance: our main short-stay/residential parks are performing well; but our resource oriented properties continue to be hit by the weakness in the broader resources sector

This table looks at the operating performance on a like for like basis of the APPF parks, disaggregated between our three main accommodation types.

Very pleasingly, in our main short-stay/ residential parks, we achieved good growth in net operating income of 12% over the previous corresponding half, on the back of both stronger revenue and contained costs. As a result, the operating margin is 2.5% points higher when compared to the prior year.

The resources parks however continue to be impacted by renewed weakness in the broader resource sector, resulting in declining earnings. Despite a reduction in costs in absolute terms, margins fell materially - as can be seen, operating margins at our resource parks are now in line with our other park properties, indicative of the premium room rate pricing washing out of these properties.

At the resort properties, net income was up, entirely due to good cost discipline; revenue was down, due to food and beverage (F&B), with a new competitor at one of our resorts. Margins were up; though reflecting structurally lower F&B profitability, at lower levels than the holiday parks.

Valuation movements



- ❖ Valuation movements mirror performance
 - 4 short-stay/residential parks revalued up \$3.8m
 - All resource properties revalued, down \$18.9m – mostly Aspen Karratha Village
 - Slight impairment to resorts, including provision for selling costs
- ❖ AKV re-leasing a key priority
- ❖ No impairments to the carrying value of non-core assets this half
 - Gain of \$2.1m on sales

	Dec-14 \$m	Jun-14 \$m	Change \$m
Valuation			
Short-stay/residential	41.2	37.4	3.8
Aspen Karratha Village (AKV)	26.5	38.5	(12.0)
Other resource parks	26.3	33.2	(6.9)
Resorts *	23.5	25.0	(1.5)
Total	117.5	134.1	(16.6)

* Net of provisions at 30 June 2014

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The valuation movements mirror these operating results.

During the half, 4 of the short-stay/residential parks revalued. This showed a gain of about \$4 million, largely on the back of improved net income levels.

The valuation of the properties serving the resources sector have fallen.

The most marked impact has been at the Aspen Karratha Village. The property is currently 90% occupied by Woodside who utilise it for operational staff and net income performance is in line with expectations. The impact of the market move has also been exacerbated by the reduction of the duration of the lease term-certain to 1 year. The change in valuation has moved the running yield to 21%.

Our focus at AKV is the upcoming lease expiry in January 2016. We have commenced discussions with Woodside on their accommodation requirements. These discussions are constructive.

All 4 of the APPF resources parks were revalued, and there have been additional falls in valuation, largely reflecting the further softening in income experienced over the half, as the resources downturn deteriorated.

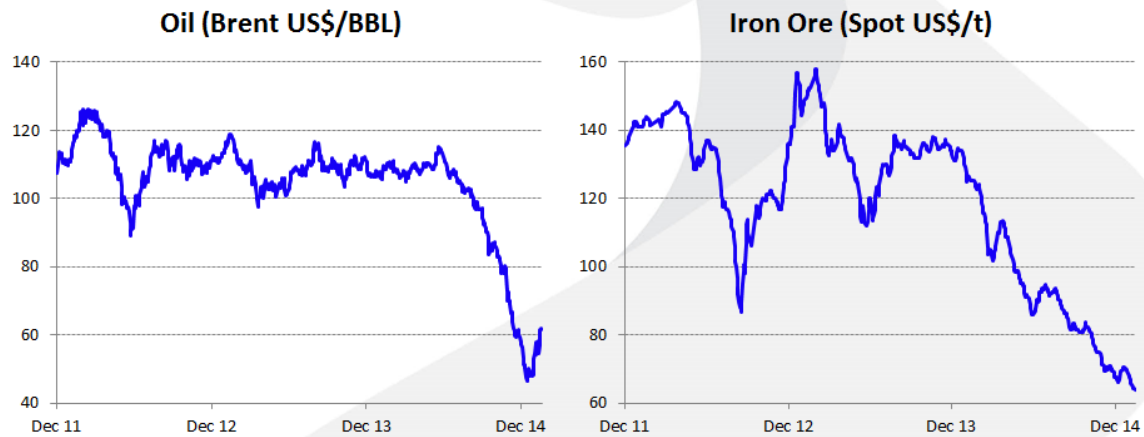
There was also an impairment associated with the resorts' portfolio, which includes an allowance for expected selling costs. In the immediate term, we will be looking to implement supply chain efficiencies at these properties (particularly in F&B), and also to maximise the potential revenue benefits of the weaker Australian dollar and lower petrol prices. However, these pure tourism assets, with a substantial food and beverage component, are not long term strategic holds for the business and we will look to exit these assets, but only at appropriate pricing.

Importantly, there were no impairments to the carrying value of non-core assets this half. And in fact, there was a gain of about \$2m in realisations above carrying value.

Resource sector challenges



- ❖ Resource sector generally remains under significant pressure. During 1H FY15:
 - ~25% fall in iron ore price
 - ~50% fall in oil price



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And just to put the challenges in the external environment for the resource properties in perspective.

The last 6 months has seen the well documented collapse in commodity prices – here in these charts, we show the iron ore and oil prices.

These are key commodities particularly in the north-west of Western Australia, iron ore directly and oil in terms of its additional impact on the LNG industry. Over the half, iron ore prices are down nearly 25% (building on early sustained weakness) and oil prices basically halved.

Coming on top of the slowdown of the resource sector capex, these price falls have had an impact in the resource sector generally, as well as valuation metrics on our properties. As I mentioned, our cost discipline at these parks has been strong, but the impact of declining revenues has been all the greater – I will discuss capital allocation initiatives to address this, in a few moments.

Non-core assets

Sale process largely complete



- ❖ Noble Park settled in October 2014
- ❖ Remaining material non-core asset is the Spearwood industrial estate, Perth
 - Environmental classification on track, with expected resolution in 2H FY15
 - Leasing campaign underway
 - Discussions on potential sale
 - Asset value unchanged at \$68.0m (gross selling price)
- ❖ Development portfolio \$22.7m of assets as at 31 December 2014
 - \$17.8m sold and due for settlement 2H FY15
 - Only net carrying value of \$4.8m remaining

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In terms of remaining non-core assets, the only material remaining asset is the Spearwood industrial property in Perth. The environmental assessment has been undertaken and the results have been in line with expectations. Site reclassification documentation has now been lodged with the WA Department of Environment seeking their approval.

The objective of this process is to have that part of the site affected by historic land use classified as “restricted use” (which would facilitate its continued use as hardstand). The remaining part of the site would not be affected. We would expect the site reclassification to be resolved during this half year, though this precise timing is uncertain.

The Leighton lease for about 2/3 of the property by income expired at the end of December and a leasing campaign for that space is underway. The remainder of the property has good lease duration, leased until 2020.

At the same time, there have been a number of approaches to acquire the property. We are in discussions for potential sale. There is no certainty that a sale will occur, and the leasing campaign remains on foot.

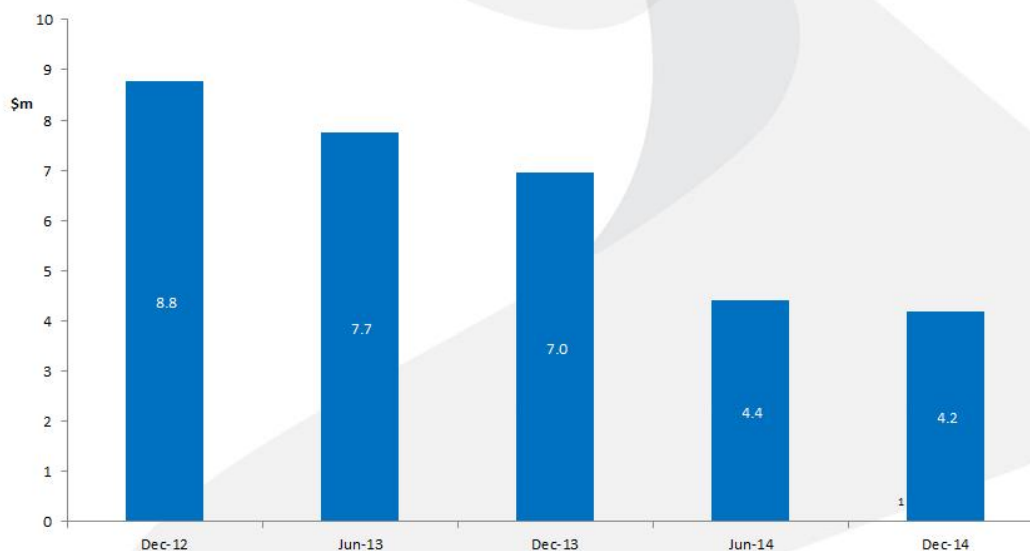
Of the non-core development assets remaining on the balance sheet as at 31 December of \$23 million, \$18 million has been sold and awaiting settlement. The largest component of this at \$12 million is the Adelaide CBD site which has been sold and due to settle in April 2015.

There is now less than \$5 million net balance sheet exposure to non-core development assets remaining unsold. We continue to work to finalise their disposal.

Further reduction in overheads



- ❖ Underlying overheads down a further 5% from 2H FY14, down 40% from 1H FY14
- ❖ Further material reduction of at least 10% is expected with Sydney corporate office relocation (to occur mid March 2015)



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Cost discipline is a central focus for the business and has been successful both at an operating level and in terms of corporate overhead.

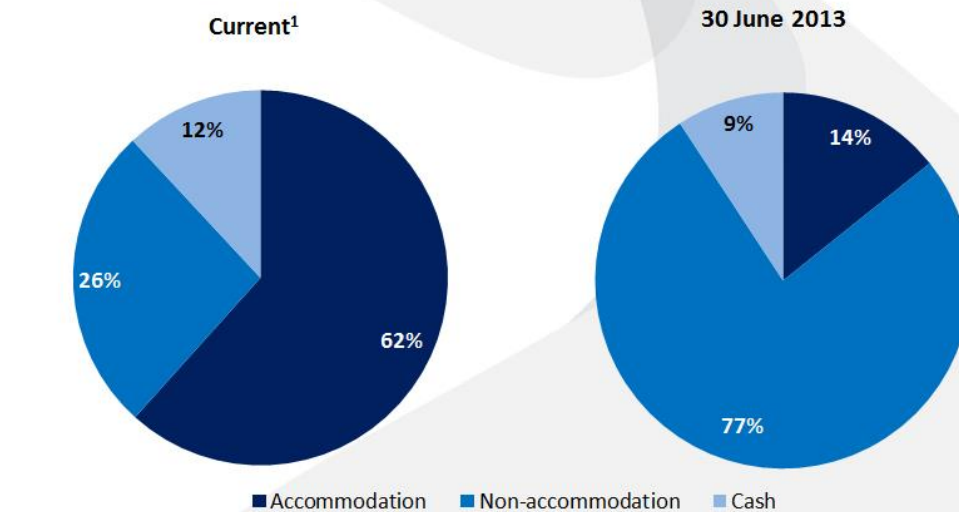
During the half, overhead costs continued to fall, being down 5% half on half and down 40% from the previous corresponding half.

We expect that there will be further material falls of at least 10% in overhead expenses from the 1H rate, particularly associated with the corporate office relocation to Sydney. These savings are expected to be predominately in reduced occupancy and personnel costs.

The relocation of the corporate office is currently scheduled to take effect from around end March.

Predominant accommodation business

Major shift in the business achieved – focus on accommodation



¹ 31 December 2014 pro forma for Four Lanterns acquisition

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Turning now to progress on the strategic composition of the business. With the completion of the APPF recapitalisation and Aspen Group's resultant 42% holding, the business now has a majority exposure to accommodation assets.

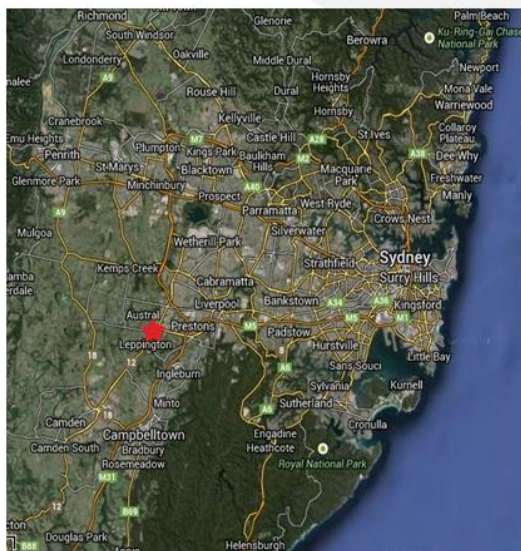
On a look through basis, and after the acquisition of the Four Lanterns Estate, Aspen Group has a 62% asset exposure to the accommodation sector. The sale of Spearwood would see the completion of the transition of Aspen to a pure play accommodation business.

This is excellent progress in shifting the business, in only 18 months, from what was an exceptionally disparate and very complex collection of activities and assets, across a whole range of various sectors and locations, into a business with a focused strategy on the accommodation sector.

Acquisition of Four Lanterns



Leppington, Metropolitan Sydney NSW



- ❖ 100% permanent residential park
- ❖ Sydney Metro location desirable for affordable accommodation
- ❖ Medium density zoning
- ❖ 102 sites, with potential development upside (subject to Council approval)
- ❖ 100% occupied

Acquisition metrics	
Purchase price	\$7.4m
Ingoing yield (incl acq costs)	7.6%

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In line with this strategic focus, Aspen has acquired the Four Lanterns estate, a fully residential community, in Leppington, in south west Sydney.

The property is located within the Leppington Town Centre, part of the major growth corridor in the south-western metropolitan area. The freehold property is located about 800 metres from the new Leppington railway station that opened a few weeks ago.

The property was acquired on a 7.6% yield, and has 100% occupancy. There is development potential to increase the number of sites, subject to council approval. The site has recently been rezoned to R3 Medium Density Residential, which underpins very significant potential long term upside optionality. In the meantime, we have a high quality residential land rental cashflow.

Acquisition of Harrington



Harrington Holiday Park, Harrington NSW

- ❖ Popular northern NSW coastal location
- ❖ Tourism and permanent mix with development potential upside from residential conversion
- ❖ 321 sites (24% annuals / 76% short stay)
- ❖ Crown leasehold with 25 years remaining

Acquisition metrics	
Purchase price	\$7.7m
Ingoing yield (incl acq costs)	12.0%



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During the half, APPF acquired the Harrington Holiday Park in northern coast NSW. This property was acquired on a 12% yield, and is a long crown leasehold, with 25 years term remaining.

It is located approximately 40 kilometres from the existing APPF property at Wallamba River, providing management efficiency through park clustering.

There is also potential (subject to relevant approvals) for further development of the park to include permanent residential, which would assist in meeting accommodation needs in this popular retiree region.

2. Financial results

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Turning now to financial performance. At the outset, I will highlight that the presentation of our financial accounts has changed markedly, with the consolidation of APPF during the course of the half year.

Operating earnings



	1H FY15		1H FY14
	\$m	CPS	\$m
Profit / (Loss) from Operations			
Commercial/Industrial	5.5	4.7	12.2
Accommodation			
- Aspen Karratha Village	2.8	2.9	7.3
- Aspen Parks Property Fund	7.1	6.1	3.2
Development and other	-	-	(3.3)
Total Profit from Operations	15.3	13.2	19.3
AGL - Overhead and other expenses	(4.2)	(3.6)	(7.2)
APPF - Overhead and other expenses	(1.6)	(1.4)	-
Net financial expenses	(1.7)	(1.5)	(3.8)
Operating Profit Before Tax	7.8	6.7	8.3
Income tax expense	-	-	-
Operating Profit after Tax	7.8	6.7	8.3
NCI	1.5	-	-
APZ share of Operating Profit after Tax	6.3	5.4	8.3
APZ Distributions	5.1	4.5	9.0

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First of all to operating results.

Points on this slide I highlight are:

- Income from our commercial/industrial portfolio is down due to the asset sales achieved – ATO Adelaide, Septimus Roe and Noble Park
- Aspen Karratha Village earnings are down due to the lower room rates on the re-leasing to Woodside from the beginning of 2014, as previously announced last year – income performance is in line with expectations
- The APPF line reflects the financial consolidation and so is not that helpful as a comparison – the better indication of operational performance is the park performance I spoke to at the beginning of the presentation – our main short-term/residential parks are performing well, the resources downturn continues to impact our 4 resource parks
- Importantly, as we have effectively sold out of our non-core development assets, the drag on earnings from these assets has been eliminated from the business, leaving the earnings results much “cleaner”
- Likewise, the reduction in overheads expense was a very meaningful positive contributor to earnings

Distributions are 4.5 cent for the half.

Group financial result

Statutory loss for 1H FY15



	1H FY15		1H FY14
	\$m	CPS	\$m
Operating profit	7.8	6.7	8.3
Profit / (loss) from discontinued operations	2.1	1.8	(48.0)
Revaluation of Aspen <u>karratha</u> Village	(12.0)	(10.3)	(11.5)
Impairment of equity accounted investees	-	-	(7.2)
Parks/resorts carrying value movements	(9.4)	(8.1)	(0.8)
Other	(6.7)	(5.7)	1.2
Non-operating loss	(26.0)	(22.3)	(66.3)
Statutory loss before tax	(18.2)	(15.6)	(58.0)
Tax benefit	-	-	(12.1)
Statutory loss after tax	(18.2)	(15.6)	(70.1)
NCI allocation	3.6	3.1	8.5
Statutory loss after tax attributable to APZ	(14.6)	(12.5)	(61.6)

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The statutory result is impacted by valuation declines, resulting in a statutory loss for the first half.

The major valuation decline is at Aspen Karratha Village of \$12 million.

Positively, there was a \$2.1 million gain from non-core assets sales where we realised more than our carrying value.

The “other” change includes the mark-to-market impairment on the value of the interest rate hedges, with the significant fall in market interest rates over the half, though this impairment will wash-through over time, as well as incorporating the cost of the relocation of the corporate office.

Balance sheet



	31-Dec-14 \$m	30-Jun-14 \$m
Cash	44.3	44.7
Assets held for sale	112.9	115.2
Investment properties (AKV)	26.5	38.5
Equity investments	-	10.7
Parks properties carrying value	170.9	-
Head office assets	0.1	1.4
Other	8.2	11.2
Total Assets	363.0	221.7
Liabilities held for sale	30.3	23.2
Borrowings	92.8	7.4
Other	26.6	11.4
Total Liabilities	149.8	42.0
Net Assets	213.2	179.7
Non-controlling interests	(59.0)	-
Unrecognised leasehold value	1.3	-
NAV	155.6	179.7
NAV per security	1.37	1.50
Gearing	25%	Nil
Look through gearing	18%	Nil

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The balance sheet, as I mentioned, is now shown on a consolidated basis, with the external APPF investors shown here as the non-controlling interests.

I would highlight the substantial cash holdings of the business at \$44 million, and gearing on a 'look through basis' standing at 18%. Our balance sheet strength provides significant acquisition (and development) capacity.

Debt structure



- ❖ Look through gearing of 18%
- ❖ Simple structure: 2 facilities
- ❖ Both debt facilities refinanced during 1H FY15, with an increase in term, and reduction in margin

Senior Debt facilities	APZ	APPF
Maturity date	Sep 16	Sep 17
Total drawn debt	40.0m	82.3m
Senior debt facilities	40.0m	125.0m*
LVR / LVR limit covenant	38%/40%	37%/55%
Debt maturity (years)	1.7	2.7
Interest rate hedging	100%	85%
Weighted average cost of debt	5.2%	4.7%

*Reduced to \$110 million in January 2015

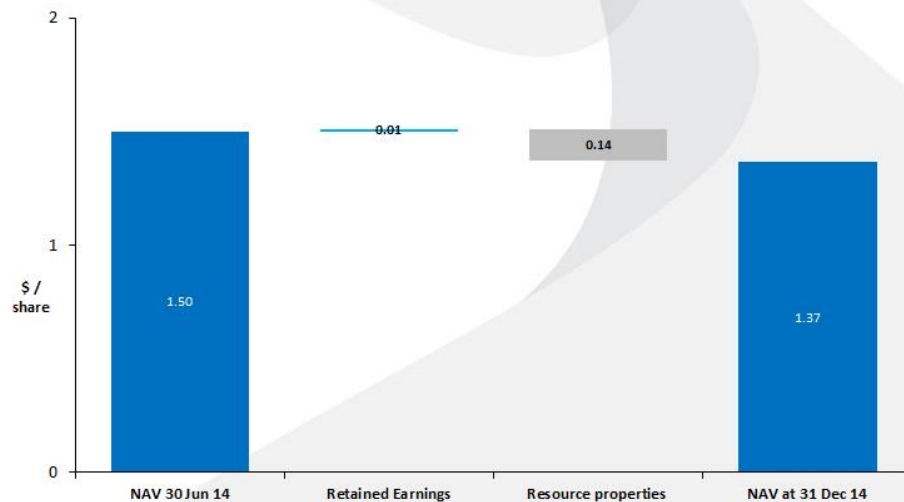
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The business now has a very simple debt structure, with one facility for each of Aspen Group and APPF. As previously announced, both facilities were refinanced during the half on more attractive terms.

NAV per security movement



- ❖ Decline in NAV of \$0.13 per security over the half year
- ❖ Decline in resource properties value offset by some retained operating earnings



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The NAV per share fell due to the falls in value in our properties with exposure to the resources sector, which accounted for 14 cents of NAV. There was about 1 cent in retained operating earnings.

The net impact is that NAV per share has declined from \$1.50 to \$1.37.

3. Business update

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Our immediate objective is to finalise our exit of non-core exposure and continue to grow high quality annuity cash flows in the accommodation sector. I will update a few key business initiatives on this.

Reallocating capital



Shifting capital from resources exposure...

- ❖ Pilbara occupancy is extremely low (~30%)
- ❖ Identified opportunity to relocate unused cabins to Perth Vineyards, where there are immediately available residential sites
- ❖ Relocation cost of ~\$40k is significantly less than cost to buy a new cabin (~\$150k)



Cabin removal at Pilbara Holiday Park, Karratha

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First of all, in terms of further addressing the impact of the resource industry downturn, we are re-allocating capital out of the resources parks.

At Pilbara Holiday Park in Karratha, we have 46 two bedroom bungalow cabins installed in 2006-2008, out of a total of 217 cabins and sites at the park. With the collapse in resource demand, these have systemically low occupancies.

We have identified that there is an opportunity to relocate some of these bungalows to Perth and sell them as permanent residential properties, on which we would then collect annuity ground rent.

We have completed the relocation of the first test bungalow from Pilbara to the Perth Vineyards property. This was a success.

As you can see from this picture the de-complexing, where the bungalow was split into 2 for transportation, it is a bit of a process, and total relocation costs are about \$40,000, but this is much cheaper than a new cabin of about \$150,000.

Reallocating capital

...to annuity residential Perth exposure



- ❖ Test cabin was completed, to assess feasibility, with no wear and tear or cost issues
- ❖ Market demand for product at Perth Vineyards has been strong, with 3 cabins sold within the first month
- ❖ Sale price <\$200k for 2 bedroom homes
- ❖ ~20 cabin sites identified in Perth metro area as being suitable for cabin relocations



Relocated cabin at Perth Vineyards Holiday Park

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And here you can see the installed cabin. There is some landscaping to finish off over the next few days, but the bungalow blends in well as residential. This 2 bedroom product has been well received in the market, with all three bungalows currently available at Perth Vineyards sold, for prices of a bit under \$200K each, within the month.

We have identified about 20 sites in our metropolitan Perth parks where this product would be suitable; we are working through the approvals process at present.

So we have a situation where we realise value on each bungalow sold (less move costs, netting around \$140K each) for cabins otherwise empty. And at Pilbara, the serviced land sites are still there and available for potential alternate use like caravans.

And importantly, as a result, we create ground rental as a very solid, high quality residential annuity cash flow of \$185 per week per site in metropolitan Perth.

Development opportunity



- ❖ In-house development management capability
- ❖ Pipeline re-starting with availability of capital from non-core asset sales
- ❖ Currently progressing \$6.0m of development on short-stay product
 - Highly accretive stabilised ROA in mid teens
- ❖ Currently investigating a number of potential residential development projects
 - Identified 200+ sites at various stages
- ❖ Focus on measured residential opportunities creating annuity rental

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Over the last 6 months, as the Group debt stress has gone and capital has become available with non-core asset sales, we have been rebuilding this development pipeline.

Aside from this work at Perth Vineyards, development work is underway both on short-stay projects, but particularly to build out a predominantly residential pipeline.

We have 3 projects underway for our short-stay product, which are forecast to deliver very attractive stabilised income yield ROAs in at least the mid-teens.

We are currently in various stages – from DA approval to concept work – on residential development at 9 of the properties across Australia, with potentially over 200 sites.

As I just outlined in Perth, some of these projects are now underway. A key management focus is to expand, bring greater definition to, and execute this pipeline.

Again, a key element is that these projects are undertaken to create higher quality annuity rental cashflow. There is also, of course, the potential to generate a development margin from this activity.

Optimising existing portfolio



- ❖ Positive cyclical forces
 - Lower Australian dollar
 - Lower petrol prices
 - Value for money
- ❖ Management focus
 - Cost efficiencies
 - Revenue enhancement / more active yield management
 - Aspen Karratha Village re-leasing

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We are also continuing to optimise returns from the operating business.

For our short-stay business, there are a number of positive cyclical factors

- The Australian dollar is clearly significantly weaker, which will, after a lag, assist in generating stronger domestic demand
- Lower petrol prices will act as a positive for the drive and caravanning market
- Our “value for money” positioning will also tend to assist in a time of potential weakening economic growth and price consciousness.

From a management perspective we are responding with continued vigilance on costs. But also, the recent recruitment of a specific yield manager, will bring a more focused and sophisticated approach to optimising our revenue.

In the resources side, as I mentioned earlier, we have commenced discussions with Woodside in relation to the Aspen Karratha Village.

Acquisition pipeline



- ❖ With low gearing, from non-core asset sales acquisition capacity of \$100m+
- ❖ Currently investigating a number of opportunities:
 - ❖ Focus on residential and mixed use short stay/residential parks
 - ❖ Enhancing existing park clustering, or opportunities for new clusters
 - ❖ Measured development opportunity

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Finally, our other key focus is acquisitions.

With the sale of the non-core properties, Aspen has significant acquisition capability. We have begun to re-deploy this capital in attractive acquisitions over the last several months.

Assuming the sale of Spearwood proceeds, total existing acquisitions capacity would be in the order of \$100+ million (assuming LVR in the range of 25% to 35%).

We are building out this acquisition pipeline and continue to see attractive investment opportunities.

Our focus is on:

- Pure residential, or mix of short-stay/residential, assets.
- Enhancing existing asset clusters (or potential new clusters in attractive markets) to enhance our market presence and improve management efficiencies
- Assets that have development opportunities

4. FY15 priorities

So to conclude

Priority action points

- ❖ Finalise sale of Spearwood
- ❖ Continue to focus on acquisitions – there are a large number of opportunities
- ❖ Grow residential development pipeline to create annuity rental streams
- ❖ Optimise operational returns
- ❖ Maintain discipline on overhead cost
- ❖ FY15 distribution guidance of 9.0 CPS, consistent with 1H FY15 distribution of 4.5 CPS – Aspen currently on track

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Our priorities over the coming 6 months:

- Sale of Spearwood
- Undertake additional acquisitions, taking advantage of the fragmented industry
- Work on a delivery of a pipeline of residential development projects
- Continue to work on optimising operational returns, including the re-leasing of Aspen Karratha Village
- Maintain overall cost discipline

Our distribution guidance for the 2H is 4.5 cents per share, the same as the 1H, totalling 9.0 cents per share for the full year.

Clearly, the most recent performance in the resources properties has dented overall performance.

However, my sense is that the foundations have been laid for the turnaround of the business.

This is already evident in the operating performance of our short-stay/residential properties, in the acquisitions made to date, and in the residential development pipeline. The strategic focus of the business on the accommodation sector is clear. And this positioning is underpinned by exceptionally positive 'super-cycle' market and industry trends, from which we are very well placed to create sustained value.

Questions

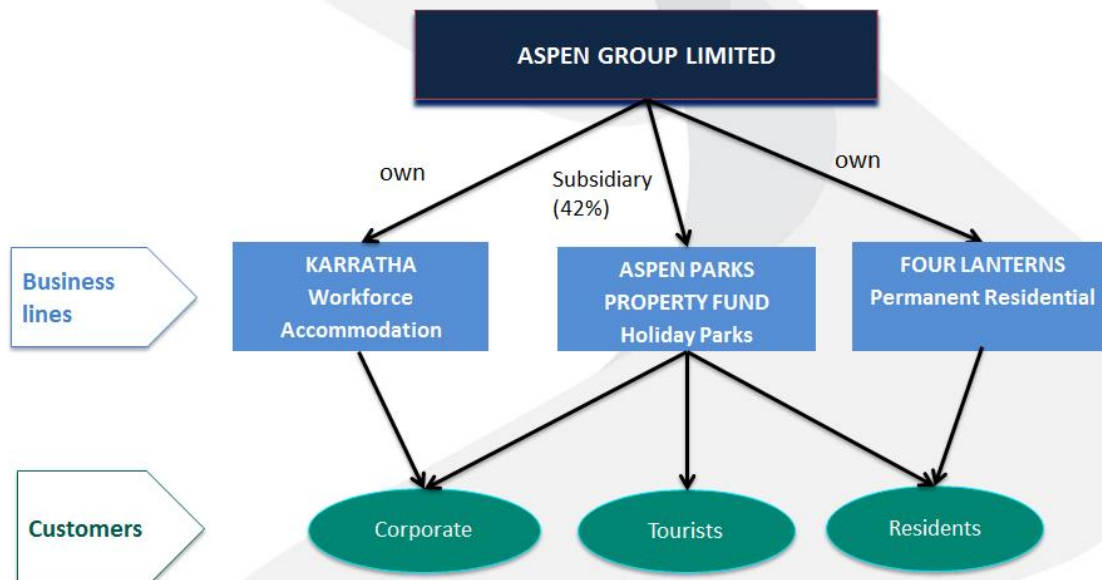
This concludes the presentation. We are happy to field questions now, or as always available to catch up separately.

Appendices

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Accommodation business

Consistent “value-for-money” customer proposition



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Resource properties



- ❖ Focus on:
 - Securing lease extension at AKV
 - Cost management
- ❖ Independent revaluation of all resource parks during 1H FY15

Property	Dec-14 \$m	Capitalisation rate	Jun-14 \$m	Change \$m
Aspen Karratha Village	26.5	21.0%	38.5	(12.0)
Pilbara Holiday Park	9.8	15.9%	11.2	(1.4)
Balmoral Holiday Park	2.5	10.8%	3.9	(1.4)
Myall Grove Holiday Park	4.0	15.0%	5.3	(1.3)
Cooke Point Holiday Park*	10.0	32.4%	12.8	(2.8)
Total	52.8		71.7	(18.9)

*Cooke Point Holiday Park includes unrecognised goodwill at Jun 14 of \$1.5m

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Short-stay/residential parks



- ❖ Independent valuation of 4 short-stay/residential parks during half. Carrying values rose slightly

Property	Dec-14 \$m	Capitalisation rate	Jun-14 \$m	Change \$m
Geelong Riverview Tourist Park	3.2	22.9%	2.4	0.8
Horseshoe Lagoon Holiday Park	8.5	12.5%	8.0	0.5
Maiden's Inn Holiday Park	15.0	12.0%	14.5	0.5
Woodman Point Holiday Park*	14.5	11.7%	12.5	2.0
Total	41.2		37.4	3.8

* Woodman Point Holiday Park includes unrecognised goodwill of \$7.2m at Dec 14 (\$5.2m at June 14)

- ❖ Resorts weakened due to selling costs provision and impairment

Property	Dec-14 \$m	Capitalisation rate	Jun-14 \$m	Change \$m
Resorts	23.5	~12.5%	25.0*	(1.6)

* Net of provisions

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Aspen Parks Property Fund



Carrying values

Property	Sector	Dec-14 \$m	Jun-14 \$m	Movement \$m	%
A Shady River Holiday Park	Short Stay residential	6.0	6.0	-	-
Ashley Gardens BIG4 Holiday Village	Short Stay Residential	19.5	19.5	-	-
Balmoral Holiday Park	Resource	2.5	3.9	(1.4)	(36%)
BIG4 Dubbo Parklands	Short Stay Residential	10.2	10.2	-	-
Boathaven Holiday Park	Short Stay Residential	8.0	8.0	-	-
Coogee Beach Holiday Park ¹	Short Stay Residential	7.3	7.3	-	-
Cooke Point Holiday Park ²	Resource	10.0	12.8	(2.8)	(22%)
Exmouth Cape Holiday Park	Short Stay Residential	10.2	10.3	(0.1)	(1%)
Geelong Riverview Tourist Park	Short Stay Residential	3.2	2.4	0.8	33%
Harrington Holiday Park ⁴	Short Stay Residential	8.3	-	-	-
Horseshoe Lagoon Holiday Park	Short Stay Residential	8.5	8.0	0.5	6%
Maiden's Inn Holiday Park	Short Stay Residential	15.0	14.5	0.5	3%
Monkey Mia Dolphin Resort	Resorts	14.2	14.9	(0.8)	(5%)
Myall Grove Holiday Park	Resource	4.0	5.3	(1.3)	(25%)
Ningaloo Reef Resort	Resorts	9.3	10.1	(0.8)	(8%)
Perth Vineyards Holiday Park	Short Stay Residential	14.0	14.0	-	-
Pilbara Holiday Park	Resource	9.8	11.2	(1.4)	(12%)
Port Augusta BIG4 Holiday Park	Short Stay Residential	5.7	5.7	-	-
Twofold Bay Beach Resort	Short Stay Residential	6.0	6.0	-	-
Wallamba River Holiday Park	Short Stay Residential	7.7	7.7	-	-
Woodman Point Holiday Park ³	Short Stay Residential	14.5	12.5	2.0	16%
Yarraby Holiday & Tourist Park Resort	Short Stay Residential	9.4	9.4	-	-
		203.2	199.7	(4.8)	(3%)

¹ Coogee Beach Holiday Park includes unrecognised goodwill of \$2.8m at Dec 14 (\$2.8m at Jun 14)

² Cooke Point Holiday Park includes unrecognised goodwill at Jun 14 of \$1.5m

³ Woodman Point Holiday Park includes unrecognised goodwill of \$7.2m at Dec 14 (\$5.2m at Jun 14)

⁴ Harrington Holiday Park includes unrecognised acquisition costs \$0.6m

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Financial highlights



Key financial metrics	1H FY15	1H FY14	Change
Revenue	33.8m	42.2m	(19.9%)
Statutory loss	(18.2m)	(70.2m)	74.1%
Operating profit	7.8m	8.3m	(6.0%)
Operating profit EPS	6.7c	6.9c	(2.9%)
Operating cashflow	3.0m	9.0m	(66.7%)
Gearing	25.3%	Nil ¹	-
Net asset value per security	1.37c	1.50c	(8.0%)
Distribution per security	4.5c	7.5c	(40.0%)

¹ Gearing at 30 June 2014

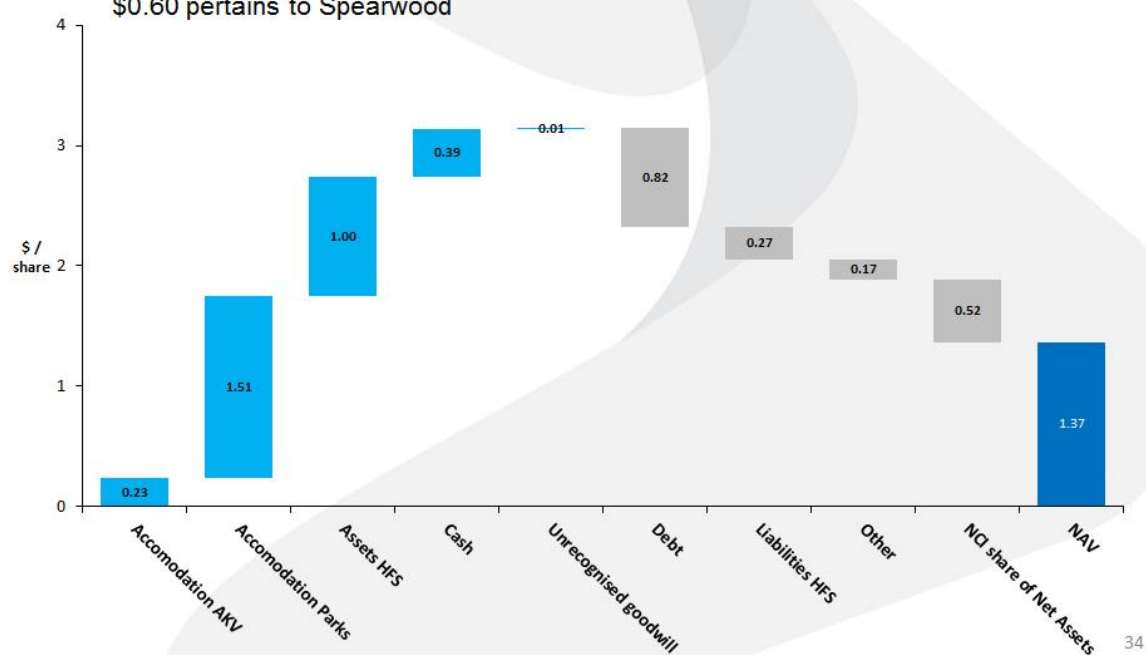
- ❖ Revenue decline due to asset sales, partially offset by the consolidation of APPF during the period
- ❖ Like for like net income growth of 12% in mixed use parks
- ❖ Net decline in value of resource properties of \$18.9m
- ❖ Mixed use parks improve, with \$3.8m value increase during the period

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NAV per security composition



- ❖ \$0.39 per security in cash available for acquisitions
- ❖ Of the \$1.00 per security in assets held for sale, \$0.16 has been contracted, and \$0.60 pertains to Spearwood

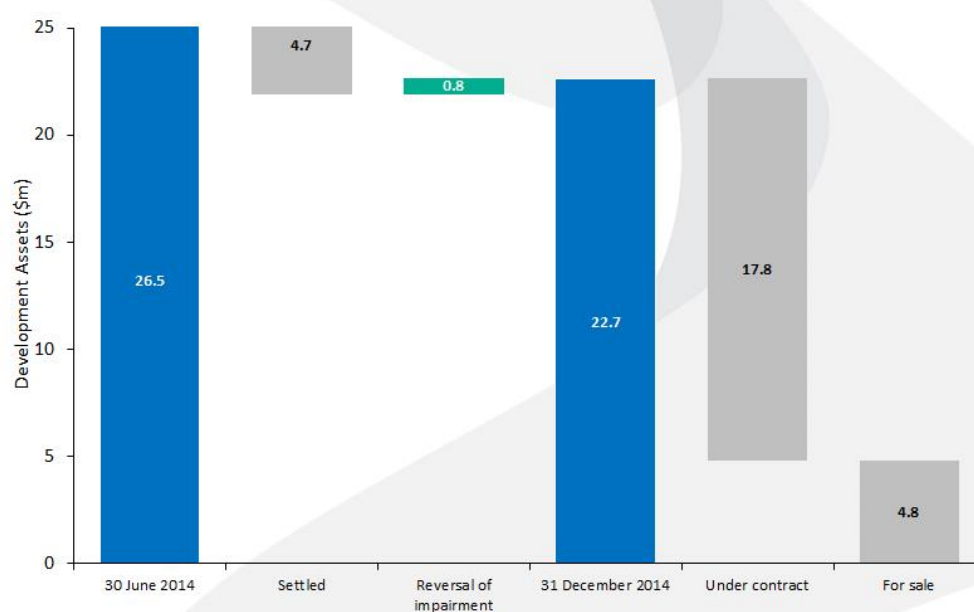


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Non-core development asset sales



Substantially completed sale programme



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APZ Operating earnings deconsolidated



APPF deconsolidated and reflected as equity accounted investment

	1H FY15		1H FY14
	\$m	CPS	\$m
Profit / (Loss) from Operations			
Industrial	5.2	4.4	12.2
Accommodation			
- Aspen Karratha Village	2.8	2.4	7.3
- Aspen Parks Property Fund	1.2	1.1	3.2
Development	(0.1)	(0.1)	(4.7)
Other revenue	2.1	1.8	1.4
Total Profit from Operations	11.3	9.7	19.3
Overhead and other expenses	(4.6)	(4.0)	(7.2)
Net financial expenses	(0.3)	(0.3)	(3.8)
Operating Profit Before Tax	6.3	5.4	8.3
APZ Distributions	5.1	4.5	9.0

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APZ profit/loss deconsolidated



APPF deconsolidated and reflected as equity accounted investment

	1H FY15		1H FY14
	\$m	CPS	\$m
Accommodation operating profit	1.2	1.0	6.2
Industrial operating profit	5.2	4.5	6.9
Development operating loss	(0.1)	(0.1)	(4.8)
Operating profit	6.3	5.4	8.3
Profit / (Loss) - subsidiary assets held for sale	1.7	1.5	(23.6)
Profit / (Loss) - commercial/industrial properties held for sale	0.4	0.3	(24.4)
Revaluation of Aspen Karratha Village	(12.0)	(10.3)	(11.5)
Loss from equity accounted investees	(2.4)	-	(7.2)
Write-down of assets held for sale	-	-	(0.8)
PPE fair value	(1.2)	(1.0)	-
Relocation costs	(2.2)		
Other statutory amounts	(1.5)	(1.3)	1.2
Non-operating loss	(17.2)	(10.8)	(66.3)
Statutory loss before tax	(10.9)	(5.4)	(58.0)
Tax benefit	-	-	(12.1)
Statutory loss after tax	(10.9)	(5.4)	(70.1)
NCI allocation	(0.5)	(0.4)	8.5
Statutory loss after tax attributable to Aspen Group	(11.4)	(9.8)	(61.6)

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APZ balance sheet deconsolidated

APPF deconsolidated and reflected as equity accounted investment

	31-Dec-14	30-Jun-14
	\$m	\$m
Cash	39.3	44.7
Assets held for sale	89.8	115.2
Investment properties	26.5	38.5
Equity investments	48.0	10.7
Property, plant and equipment	0.1	1.4
Other	7.0	11.2
Total Assets	210.7	221.7
Liabilities held for sale	30.3	23.2
Borrowings	10.6	7.4
Other	14.4	11.4
Total Liabilities	55.3	42
Net Assets (NAV)	155.3	179.7
NAV per security	1.37	1.50
Gearing	4%	Nil
Look through gearing	18%	Nil

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APPF operating earnings



	1H FY15		1H FY14
	\$m	CPS	\$m
Revenue from operations			
Mixed use net property income	8.5	4.5	7.4
Resources net property income	2.8	1.5	4.4
Resorts net property income	2.0	1.1	2.1
Other revenue	0.1	-	0.2
Total revenue	13.3	7.1	14.1
Operating expenses	(4.0)	(2.1)	(5.0)
Financial expenses	(2.7)	(1.4)	(3.2)
Profit before tax	6.7	3.6	5.8
Income tax expense	0.0	-	0.0
Core operating profit after tax	6.7	3.6	5.8
Distributions	4.1	2.0	6.4

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APPF profit/loss



	1H FY15		1H FY14
	\$m	CPS	\$m
Mixed use underlying profit	3.5	1.9	1.8
Resources underlying profit	2.0	1.1	3.1
Resorts underlying profit	1.2	0.6	0.9
Total operating profit	6.7	3.7	5.8
Mixed use property valuations	0.4	0.2	(14.9)
Resource property valuations	(1.4)	(0.8)	(16.3)
Resort property valuations	(4.4)	(2.3)	(15.9)
Amortisation of capital expenditure	(2.6)	(1.4)	(2.0)
Relocation costs	(0.9)	(0.5)	0.0
Interest rate swap revaluation	(1.5)	(0.8)	0.0
Other statutory adjustments	(0.1)	(0.1)	0.0
Statutory Profit / (Loss) After Tax	(3.9)	(2.1)	(43.3)

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APPF balance sheet



	31-Dec-14		30-Jun-14	
	\$m		\$m	
Cash	5.1		5.9	
Property, plant and equipment	165.4		177.6	
Goodwill	13.8		12.0	
Resort assets held for sale	23.5		12.0	
Other assets	2.7		2.9	
Total assets	210.4		210.3	
Interest bearing liabilities	81.3		110.2	
Other liabilities	15.8		13.9	
Total liabilities	97.1		124.1	
Net assets	113.3		86.2	
Units	232.6		162.7	
NAV	\$	0.4898	\$	0.5299
Gearing		38%		51%
LVR		37%		52%

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