# Aspen Group

2015 Full Year Results Presentation

**August 2015**

# Agenda

1. Strategy progress
2. Financial results
3. Business update
4. FY16 priorities

Appendix

# 1. Strategy progress

# FY15: Delivering on business strategy

| | |
|---|---|
| Strategic focus | • Aspen is now substantially a pure-play accommodation business<br>• Strong thematics: demographics; affordability; public policy<br>• Attractive asset pricing |
| Accommodation operations | • Strong performance in core residential / short-stay portfolio offset by weakness in the resources sector<br>• Karratha Village re-leased for further two years<br>• Focus on both driving revenue and cost discipline |
| Accommodation portfolio growth | • Aspen holds 42% of Aspen Parks Property Fund (APPF)<br>• $48m acquisitions at weighted yield of 10.0% (pre costs)<br>• Continuing acquisition momentum<br>• Acquisitions weighted to permanent residents<br>• Manufactured housing development underway |
| Non-core asset sales | • $108m of non-core asset sales announced or settled<br>• Spearwood South only material non-core asset remaining |

# FY15: Delivering on business strategy

**Financial performance**

- FY15 group overheads reduced by a further 35% over FY14, reflecting strong cost focus
- Operating profit of $10.2m
- NAV per security $1.26 – negatively impacted by devaluation of resources properties and Spearwood South

**Disciplined capital management**

- Strong balance sheet – 30 June 2015 look through gearing 22.5%
- Debt refinanced for both Aspen Group and APPF, increasing facility limits and extending maturities to September 2017
- Securities buyback completed at average price of $1.25
- Completion of APPF entitlement offer

**Attractive and growing distributions**

- FY15 distribution of 9.0 cents per security consistent with guidance
- FY16 distribution guidance of at least 9.4 cents per security (+4.4%)
  - 1H FY16 distribution guidance of 4.6 cents per security

# Aspen Group has been refocused to deliver a clear and consistent business strategy

| Restructured | | Refocused | Optimise and reinvest |
|---|---|---|---|
| **2012** | **2013** | **2014** | **2015 YTD** |

**2012**

- **Board restructure and appointments**
  - Hugh Martin
  - Clive Appleton
  - Guy Farrands
- **Strategic review commenced**
  - exit from funds management business
  - commence non-core assets disposals and business simplification
- **Capital management**
  - Aspen Group $101.4m entitlement offer
  - Debt restructure

**2013**

- **Senior management appointments**
  - CEO and MD: Clem Salwin
  - CFO: Adam Marrs Ekamper
- **Strategic review completed**
  - announced focus on value for money accommodation sector
- **On-market buyback announced**
- **AKV lease extended for two years until 2016**

**2014**

- **Sale of majority of non-core assets**
  - ATO Adelaide office building and ACC site
  - Septimus Roe office, Perth
  - Noble Park
- **Debt facility refinanced for APPF**
- **APPF $41.2 million entitlement offer**
- **Recommence acquisitions**
  - Harrington Holiday Park (NSW) - APPF

**2015 YTD**

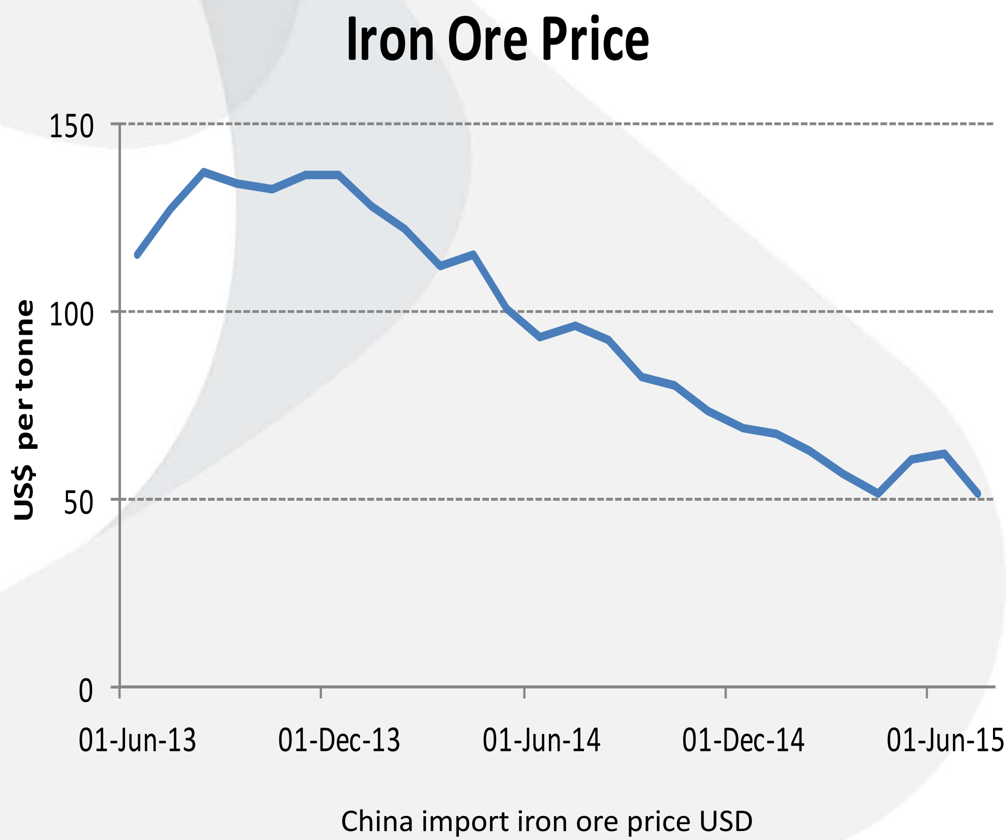
- **Commenced manufactured housing development**
- **Acquisition of three parks**
  - Australiana (QLD) - APPF
  - Ballina (NSW) - APPF
  - Tomago (NSW) – Aspen Group
- **Acquisition of two MHEs – Aspen Group**
  - Four Lanterns Estate (NSW)
  - Mandurah Gardens Estate (WA)
- **John Carter appointed to board**
- **Non-core asset sales**
  - three North West WA resorts
  - c.50% of Spearwood industrial estate
- **AKV 2 year lease extension to 2018**
- **Debt facility refinanced for Aspen Group**

**Sale of approximately $500 million of non-core assets in some 35 transactions**

**Business transition complete; strategic focus has shifted to optimising operations and portfolio growth**

# Strategic transition in face of significant headwinds

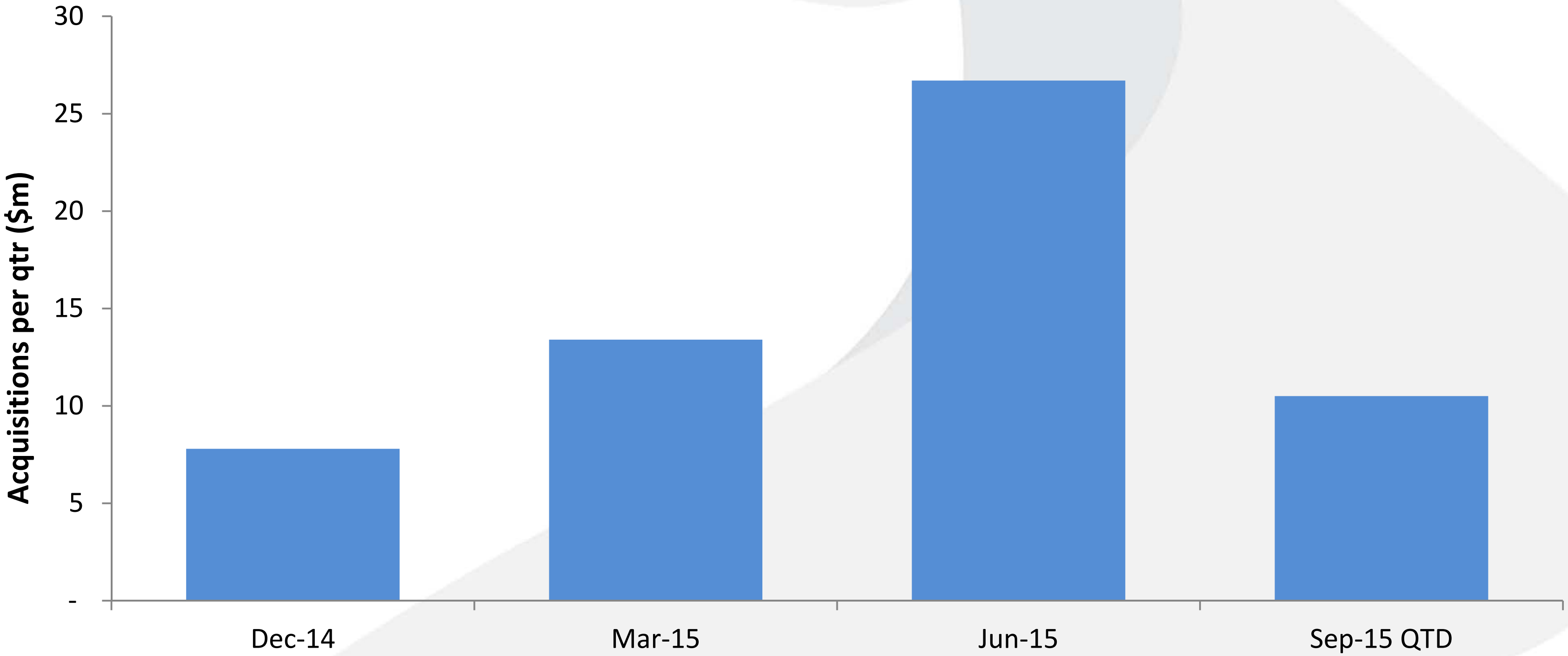
- Exceptionally challenging environment of the severe downturn in the resources industry
- Operating results, excluding our resource exposure, have been solid
- However, the impact of the resources cycle has been very marked on our properties serving that industry, in terms of both earnings and values



# Acquisitions momentum, with disciplined capital allocation

## Continue to see attractive opportunities

### Acquisitions by quarter[1]

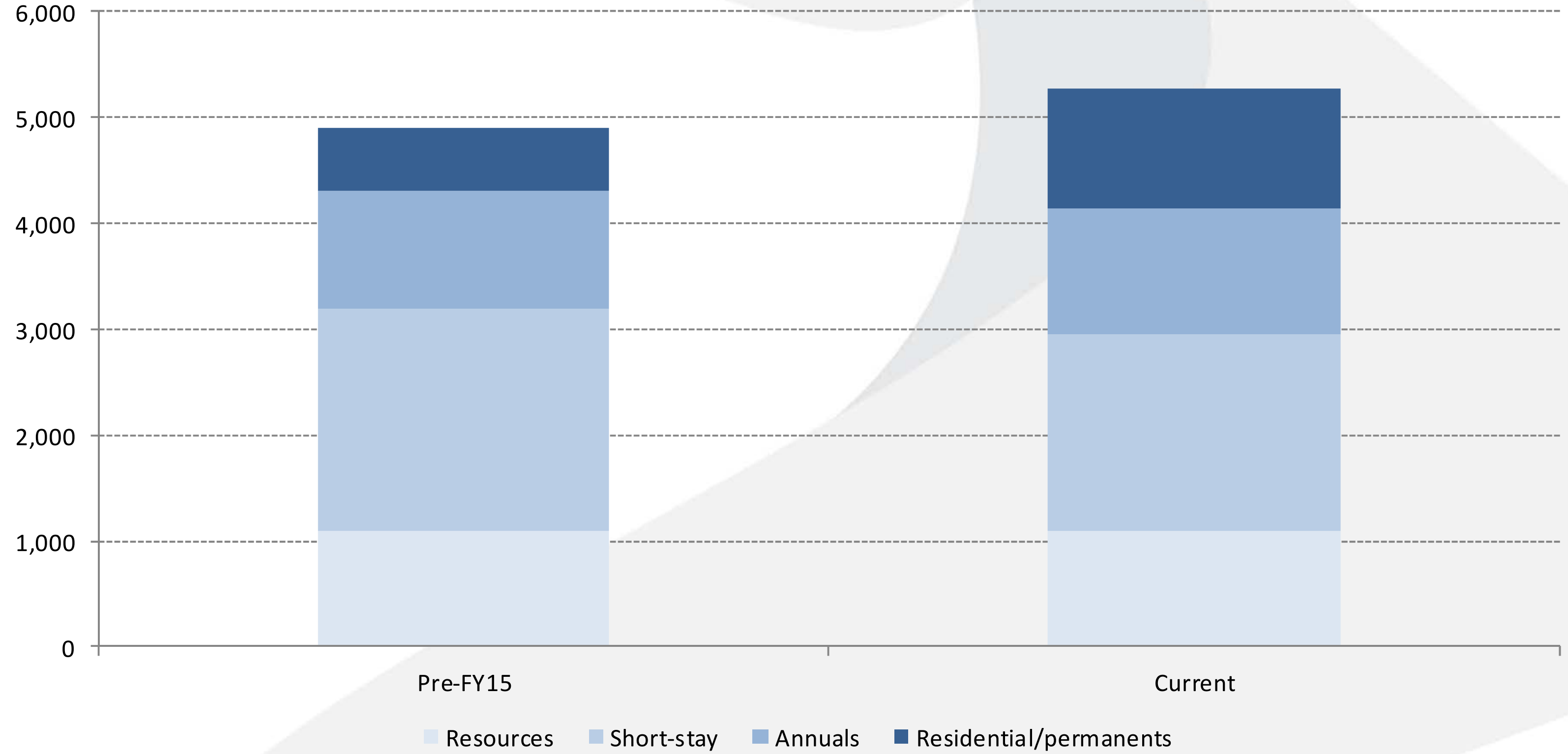



[1] Consolidated portfolio (inclusive of APPF)

# Shift to permanent residential

- Portfolio has been shifting towards residential/permanents
  - Acquisitions have been 56% residential/permanents
  - Sale of short stay resort-style assets in north-west WA

## Portfolio composition[1,2]




[1] Proforma for three north-west WA properties conditionally sold, excluding FY15 acquisitions
[2] Including Tomago Van Village, settled on 19 August

# Non-core asset sales largely complete

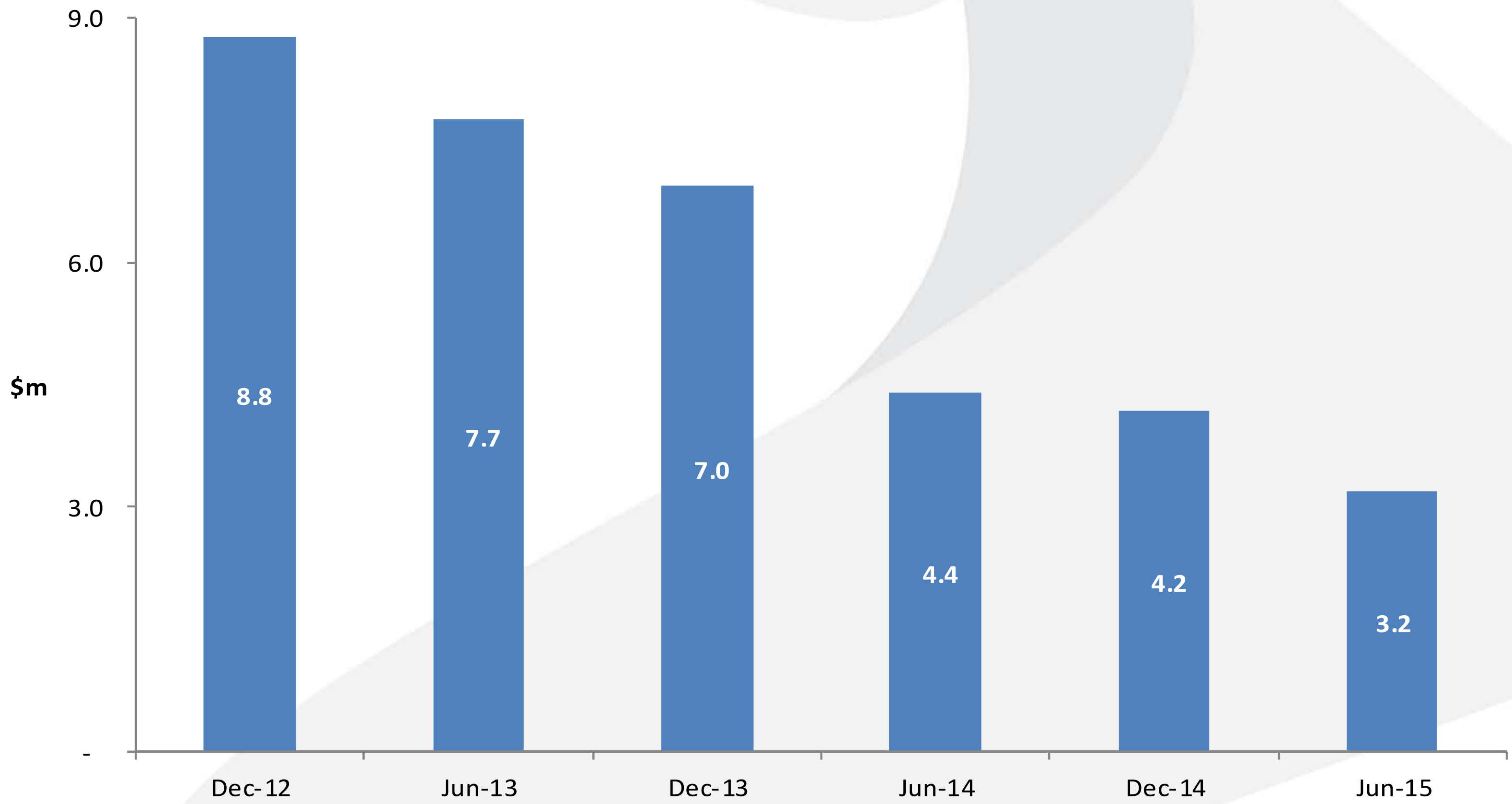
**$108.4 million of non-core asset sales announced or settled**

- Noble Park ($20.7m) and Adelaide City Central ($12.0m) settled during FY15
- Sale of Spearwood North in April 2015 (settled August 2015) for $35.0m
- Spearwood South only material non-core asset remaining
  - Environmental reclassification complete
  - Independent valuation of $29.0m, a reduction of $3m in carrying value
  - Equivalent to 11% yield with a ~5 year WALE
  - Will only pursue monetisation on terms that optimise value
- All legacy developments sold or settled during FY15, except for a single unsold development asset at the Whitsundays, net $3.0m carrying value

# Further reduction in overheads

- Overheads in 2H FY15 down 24% from 1H FY15
- 2H FY15 overheads down 64% from 1H FY13 levels

### Aspen Group overheads, FY13 – FY15



# 2. Financial results

# Accommodation operating performance

- Strong performance of core residential/short stay assets
- Resource assets: further reduction in income, reflecting severe weakness in the resources sector
- Cost and yield management a key focus to drive margins

| | FY15 $m | FY14 $m | Change % |
|---|---|---|---|
| **Net income** | | | |
| Residential / short stay | 15.0 | 14.0 | 7% |
| Resources parks | 4.4 | 6.5 | (33%) |
| Resort properties[2] | 3.8 | 3.7 | 3% |
| **Total** | **23.1** | **24.2** | **(4%)** |
| | | | |
| **Net income margin** | | | |
| Residential / short stay | 47% | 46% | 1% |
| Resources parks | 43% | 50% | (7%) |
| Resort properties[2] | 23% | 21% | 2% |
| **Total** | **40%** | **39%** | **1%** |

[1]Like-for-like basis, excluding AKV
[2]Three north-west WA properties conditionally sold

# Operating earnings

| | FY15 $m | FY15 CPS | FY14 $m |
|---|---|---|---|
| **Profit / (loss) from operations** | | | |
| Accommodation | | | |
| - Aspen Group properties | 5.9 | 5.2 | 10.7 |
| - APPF properties | 15.8 | 13.9 | 0.0 |
| - APPF management fees / equity | 1.1 | 1.0 | 5.0 |
| Commercial / industrial | 6.9 | 6.1 | 15.2 |
| Development and other | 0.8 | 0.7 | (4.3) |
| **Total revenue** | **30.4** | **26.9** | **26.6** |
| Operating expenses | (11.6) | (10.2) | (10.6) |
| Financial expenses | (4.7) | (4.1) | (1.3) |
| **Operating profit before tax** | **14.2** | **12.5** | **14.7** |
| Income tax expense | 0.0 | 0.0 | 0.0 |
| **Operating profit after tax** | **14.2** | **12.5** | **14.7** |
| Non-controlling interest[1] | (4.0) | (3.6) | 0.0 |
| **APZ share of operating profit after tax** | **10.2** | **9.0** | **14.7** |
| **APZ distributions** | **10.2** | **9.0** | **13.8** |

[1] Relating to APPF investors

# Statutory performance

| | FY15 $m | FY15 CPS | FY14 $m |
|---|---|---|---|
| **Operating profit** | **14.2** | **12.5** | **14.7** |
| Residential / short stay revaluations | 4.0 | 3.5 | (2.3) |
| Resource property revaluations | (29.0) | (25.6) | (14.8) |
| Non-core revaluations | (3.0) | (2.7) | (66.7) |
| Acquisition cost impairment | (3.4) | (3.0) | 0.0 |
| Administration and relocation costs | (3.7) | (3.3) | 0.0 |
| Financial expenses (mark to mark of interest rate swap) | (2.0) | (1.8) | (0.3) |
| Other statutory amounts | (2.9) | (2.6) | (0.3) |
| **Total comprehensive loss for the year before tax** | **(25.9)** | **(22.9)** | **(69.7)** |
| Tax benefit / (expense) | 0.0 | 0.0 | (12.1) |
| **Total comprehensive loss for the year after tax** | **(25.9)** | **(22.9)** | **(81.8)** |
| Revaluation through capital reserve (1) | (6.3) | (5.6) | 0.0 |
| Loss on sale of withdrawal offer (2) | 0.5 | 0.5 | 0.0 |
| **Statutory loss after tax** | **(31.7)** | **(28.0)** | **(81.8)** |
| Non-controlling interests[1] | 4.9 | 4.4 | 0.0 |
| **Statutory loss after tax attributable to Aspen Group** | **(26.8)** | **(23.7)** | **(81.8)** |

[1]Relating to APPF investors

# Balance sheet

| | 30-Jun-15 $m | 30-Jun-14 $m |
|---|---|---|
| Cash | 23.3 | 44.7 |
| Property, plant and equipment | 209.8 | 1.4 |
| Goodwill | 12.0 | 0.0 |
| Assets held for sale | 108.5 | 115.2 |
| Investment properties / equity investment | 0.0 | 49.2 |
| Other | 8.9 | 11.2 |
| **Total assets** | **362.4** | **221.7** |
| Borrowings | 141.9 | 26.7 |
| Subsidiary liabilities held for sale | 0.6 | 3.9 |
| Other | 23.9 | 11.4 |
| **Total liabilities** | **166.4** | **42.0** |
| **Net assets** | **196.1** | **179.7** |
| Non-controlling interests[1] | (55.3) | 0.0 |
| Unrecognised property value (e.g. goodwill) | 1.7 | 0.0 |
| **Net assets attributed to Aspen Group** | **142.5** | **179.7** |
| **NAV per share** | 1.26 | 1.50 |
| **Gearing** | 35.1% | Nil |
| **Look through gearing** | 22.5% | Nil |

Note: June 2015 consolidates APPF into Aspen Group

[1]Relating to APPF investors

# Valuation movements

- Short stay properties showed an increase over the half-year of $3.3m
- Resource parks continued to be weak, down $6.4m, over the half year, reflecting lower income
- Aspen Karratha Village (AKV) down $4.5m
  - Two year lease extension to January 2018 for 83% of rooms provides income security
  - The new valuation represents 12% yield based only on the income of the 83% occupancy
  - Actively seeking customers for the remaining rooms

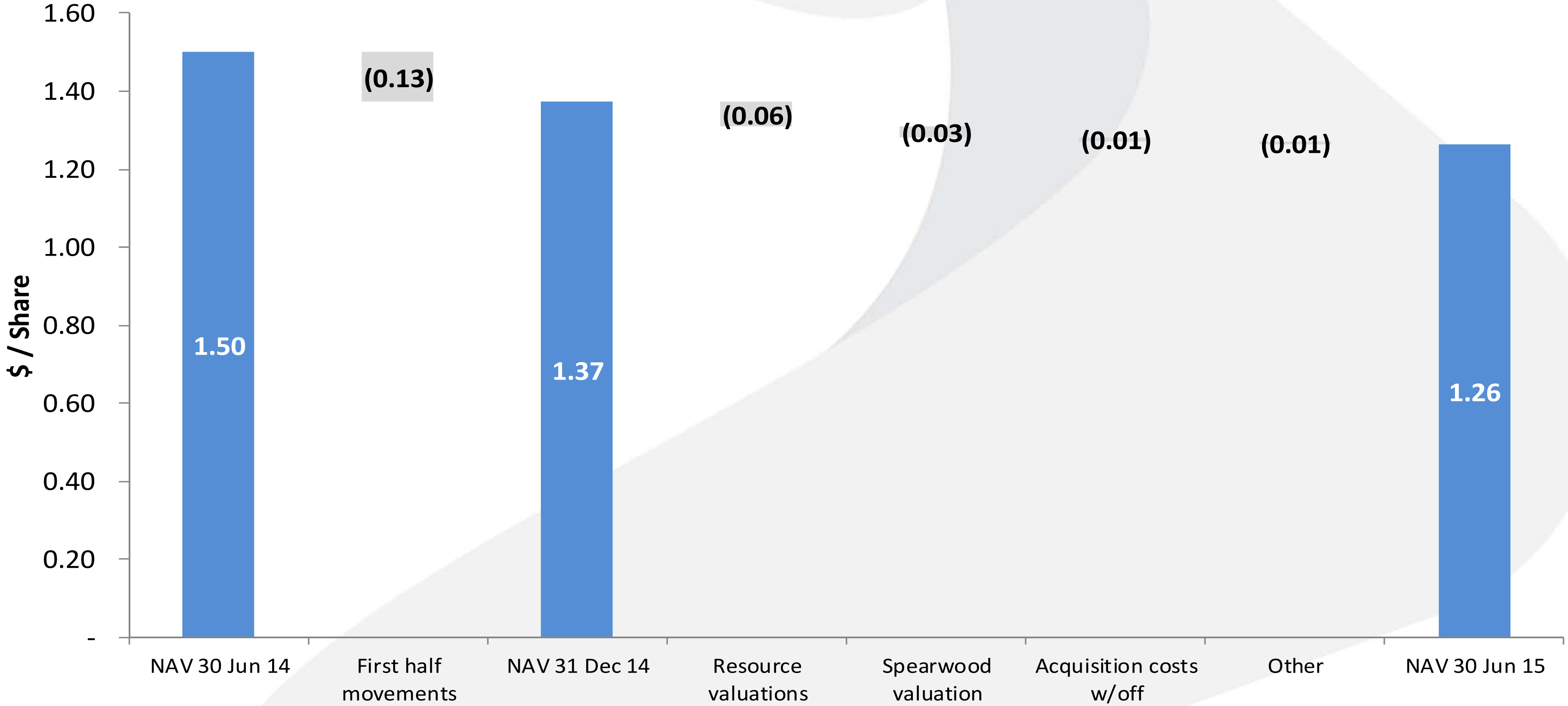
| Asset valuation[1] | Jun-15 $m | Dec-14 $m | Half-year Change $m | Jun-14 $m |
|---|---|---|---|---|
| Residential/short-stay | 138.3 | 135.0 | 3.3 | 131.3 |
| **Resource properties** | | | | |
| AKV | 22.0 | 26.5 | (4.5) | 38.5 |
| Other 4 resource parks | 19.9 | 26.3 | (6.4) | 33.2 |
| Resort properties[2] | 33.7 | 33.7 | - | 35.0 |
| **Total** | **213.9** | **221.5** | **(7.6)** | **238.0** |

[1] Like-for-like basis, consolidated portfolio (inclusive of APPF)
[2]Three north-west WA properties conditionally sold

# NAV per security

**Decline in NAV of $0.11 per security over 2H FY15**

**Movement in NAV per security, FY15**



# 3. Business update

# Business priorities

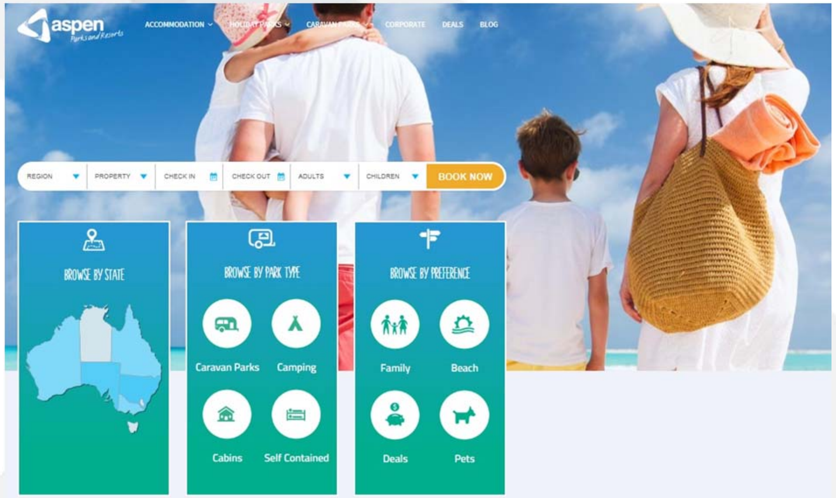
1. **Improving operational performance:** leveraging deep operational expertise
2. **Prudent development growth:** significant potential within the portfolio
3. **Disciplined portfolio acquisitions** consistent investment criteria
4. **Conservative capital management:** Disciplined use of capital

# Operational focus

## Building on over 11 years of management experience

- Focus on driving revenue gains and cost efficiencies
- New customer website launch in June 2015 as part of upgraded digital strategy, and broadening distribution channels
- Yield management to optimise revenue
- Greater standardisation across the business
    - Supplier efficiencies with scale
    - Cluster management

**New customer website**




# Selective operational development

- Nearly $5.0m in capex underway
- Occupancy and rate growth drive strong expected returns on capital employed

**Dubbo Parklands**

- 4 three bed cabins underway, to cater to family market
- Working closely with NSW Government: $500,000 grant partially funded new water playground
- Completion due September 2015

**Ashley Gardens**

- Spare land at central Melbourne property
- DA lodged to add 14 three bedroom cabins
- Two-level product to optimise land use
- Expected completion 3Q FY16

## 2. Prudent development growth

# Creating value from development

- Multiple approaches to manufactured housing development
  - Upgrade of existing residential sites
  - Conversion of short-stay sites
  - Utilisation of additional land on properties
- Key development characteristics
  - Relatively capital light
  - Relatively quick cycle
- Focus is on improving income quality and security by creating annuity land rental

# Growing development pipeline

- Manufactured housing development commenced in FY15
  - 3 settled in FY15; as at 30 June 2015, 6 in stock and 7 under construction, across multiple properties
  - Continuing "flow" development
- DAs submitted, or in process, for expansion of over 200 sites, utilising additional land at the properties
  - Four Lanterns
  - Shady River
  - Perth Vineyards
- Master planning underway at an additional 4 properties

# Key investment thematics

- Strong recurring income yield
- Metropolitan, major population centres and existing clusters
- Development/expansion upside opportunities
- Recent acquisitions reflect these key themes
  - Permanent residential - Mandurah Gardens, Perth; Four Lanterns, Sydney
  - Mixed (permanent + short-stay) – Tomago, Newcastle; Ballina Lakeside; Australiana, Hervey Bay
  - Short-stay with permanent potential - Harrington, NSW
- Continue to see acquisition opportunities that meet our investment criteria
  - Reflects highly fragmented nature of the industry

**Mandurah Gardens Estate, WA**

# Acquisition case study: Four Lanterns

**Low risk acquisition**

- Mature park: 100% occupancy, 100% permanent
- Minimal short-term capex requirements
- Strong demographics in surrounding catchment area: Sydney median house prices, population approaching or in retirement
- Part of Leppington town centre and new public infrastructure, including rail

**Attractive development upside**

- Many older style homes nearing the end of their useful lives
- Potential to unlock significant expansion of about 25% (subject to approval)
- Enhancement of park presentation to deliver improved yields

# Commitment to capital discipline

- Reallocating capital from the weak resources sector to stronger demand for affordable housing in Perth
  - Process will continue as approvals achieved
- Sale of three north-west WA resort-type assets for $34m to focus capital “on-strategy”
- Strong balance sheet position
  - 30 June 2015 look through gearing 22.5%
  - Pro forma[1] current look through gearing 14.5%
  - Standalone Aspen Group current pro forma[1] is net cash $9.9m
  - Significant capital to potentially deploy


[1] Post settlement of Spearwood North and Tomago

# 4. FY16 priorities

# Priority action points for FY16

- Positive industry thematics – Aspen is well placed
- Drive operational returns – revenue generation and cost discipline
- Manufactured housing development – execute and expand pipeline to create annuity rental streams
- Acquisitions– actively reviewing a number of attractive opportunities
- Spearwood South – optimise value
- Growing distributions - FY16 guidance of at least 9.4 cents per security (+4.4%)
  - 1H FY16 distribution guidance of 4.6 cents per security

# Aspen Group

2015 Full Year Results Presentation

**August 2015**

# Appendix A: the Aspen business

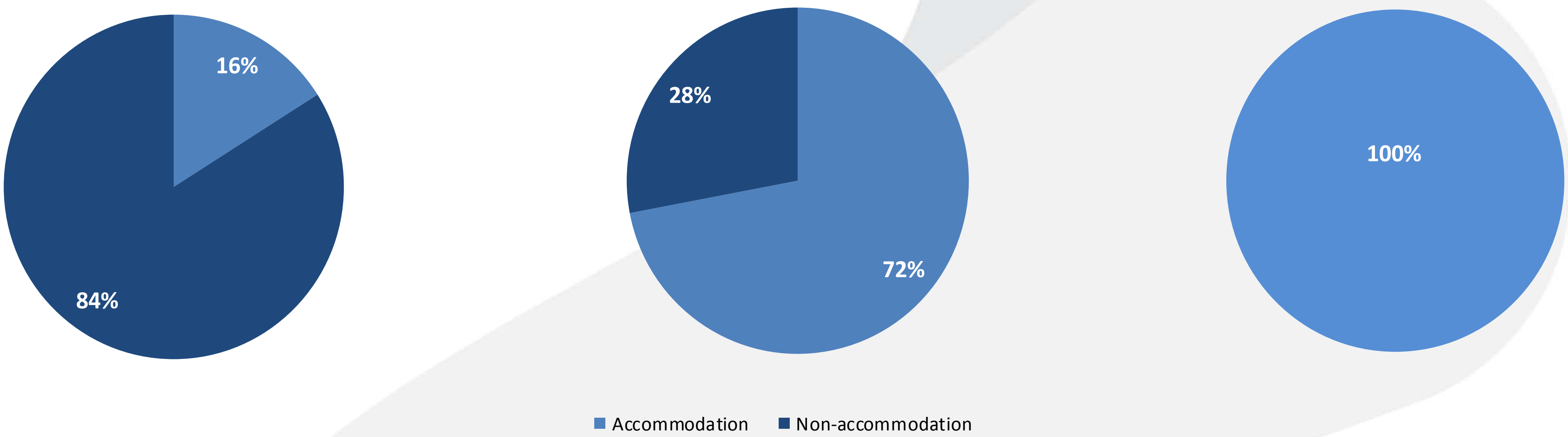
# Substantially pure play accommodation following strategic refocus

## Portfolio composition over time[1]

**30-Jun-13** | **30-Jun-15[2]** | **Strategic objective**

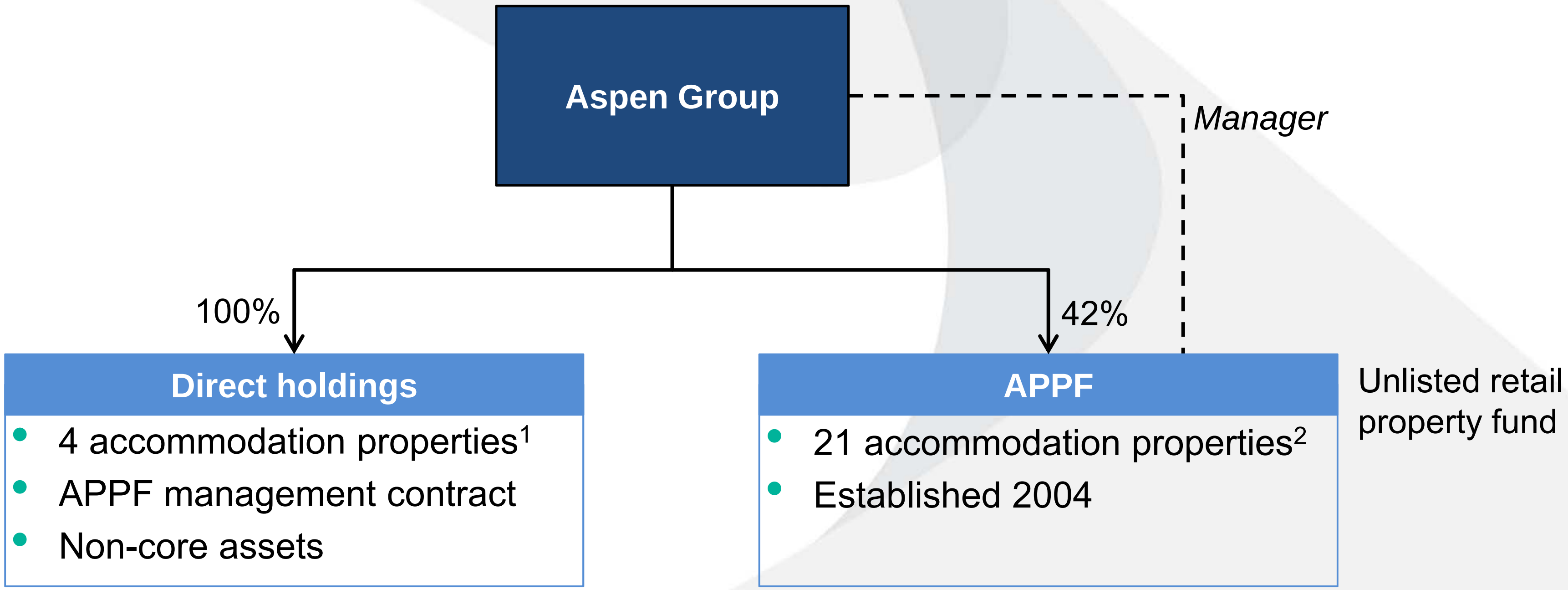
**Sale of non-core assets**

**Acquisition of accommodation parks**




[1] Consolidated portfolio (inclusive of APPF)
[2] 30 June 2015 pro forma for sale of Spearwood North, conditional sale of three WA properties and acquisition of Tomago Van Village

# Business structure




[1] Includes Tomago Van Village acquired post 30 June 2015
[2] Excludes three WA properties conditionally sold

# Business activities

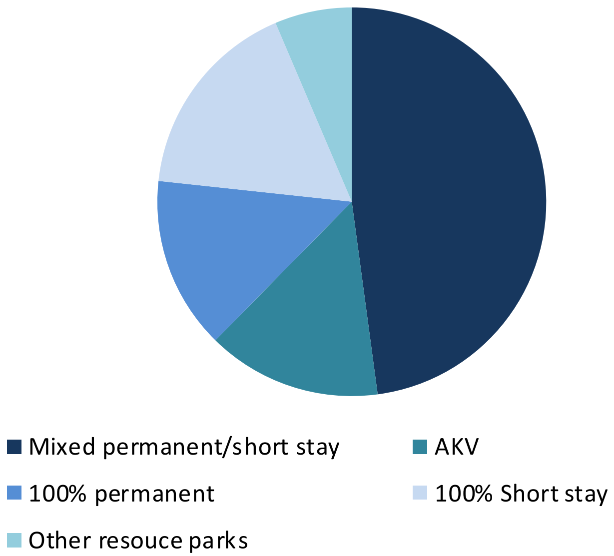
**Aspen's mix of revenue across segments of "value for money" accommodation to diversify and improve earnings quality**

**Aspen Group core revenue sources**

- Permanent residents
- Short-stay rentals / tourism
- Long-term corporate leases
- Manufactured home development

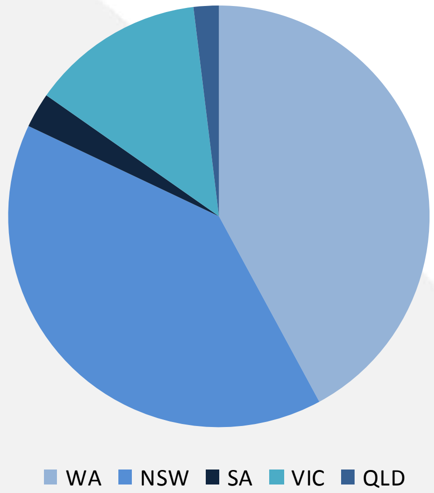
# Accommodation portfolio[1,2]

## Carrying value split by property type[3]




| | Value ($m)[3] | % overall | # of sites |
|---|---|---|---|
| Mixed permanent/short stay | 63.6 | 44% | 3,137 |
| 100% short stay | 18.9 | 16% | 447 |
| 100% permanent | 18.7 | 16% | 582 |
| AKV | 22.0 | 18% | 180 |
| Other resource parks | 8.4 | 7% | 923 |
| **Total** | **131.6** | **100%** | **5,269** |

## Carrying value split by state[3]




[1] Excludes three WA resort properties conditionally sold
[2] Includes Tomago Van Village acquired post 30 June 2015
[3] Aspen Group proportionate exposure value

# Accommodation portfolio[1,2]

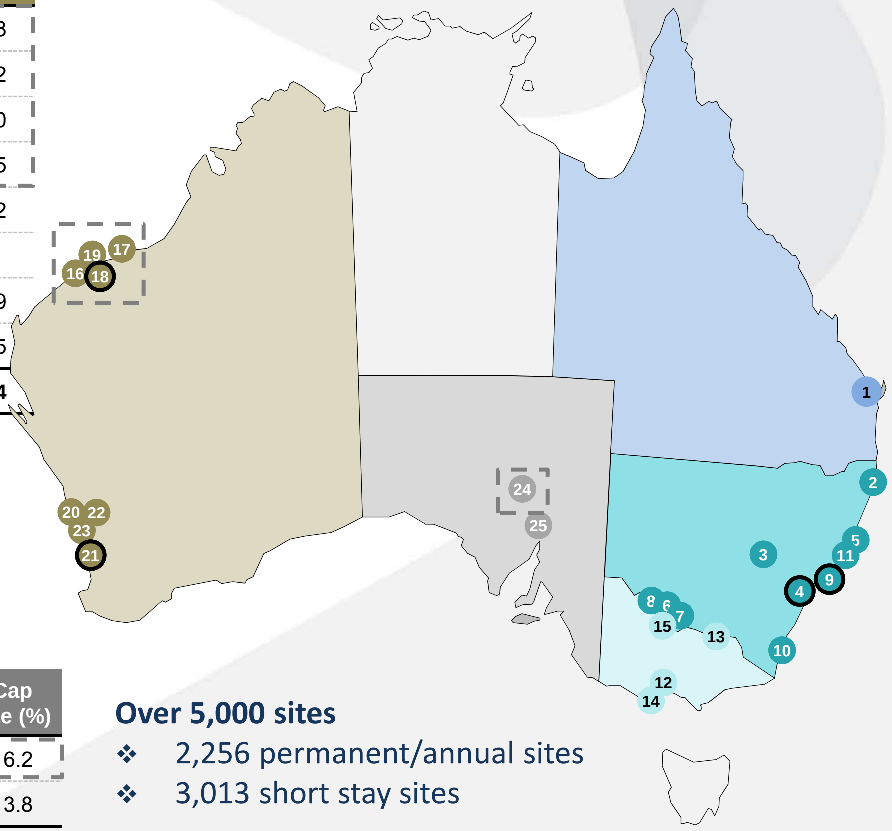
## Consolidated accommodation portfolio comprises 25 accommodation parks and MHEs across Australia with over 5,000 cabins and sites

**Western Australia**

| # | Property | Carrying value ($m) | Cap rate (%) |
|---|---|---|---|
| 16 | Balmoral | 1.2 | 10.8 |
| 17 | Cooke Point | 8.1 | 36.2 |
| 18 | Karratha Village | 22.0 | 21.0 |
| 19 | Pilbara | 7.9 | 16.5 |
| 20 | Coogee Beach | 6.5 | 19.2 |
| 21 | Mandurah | 10.7 | 9.3 |
| 22 | Perth Vineyards | 14.7 | 10.9 |
| 23 | Woodman Point | 13.0 | 11.5 |
| | **Total / Average** | **84.1** | **17.4** |

**South Australia**

| # | Property | Carrying value ($m) | Cap rate (%) |
|---|---|---|---|
| 24 | Myall Grove | 2.7 | 16.2 |
| 25 | Port Augusta | 5.7 | 13.8 |
| | **Total / Average** | **8.4** | **14.6** |




**Over 5,000 sites**

- 2,256 permanent/annual sites
- 3,013 short stay sites

Aspen Group asset

Resource property

**Queensland**

| # | Property | Carrying value ($m) | Cap rate (%) |
|---|---|---|---|
| 1 | Australiana | 6.0 | 11.3 |

**New South Wales**

| # | Property | Carrying value ($m) | Cap rate (%) |
|---|---|---|---|
| 2 | Ballina | 17.2 | 9.0 |
| 3 | Dubbo | 11.3 | 10.2 |
| 4 | Four Lanterns | 8.0 | 8.3 |
| 5 | Harrington | 8.3 | 13.0 |
| 6 | Horseshoe | 8.5 | 12.8 |
| 7 | Maiden's Inn | 15.0 | 12.2 |
| 8 | Shady River | 5.8 | 12.7 |
| 9 | Tomago | 11.2 | 9.3 |
| 10 | Twofold Bay | 6.5 | 10.3 |
| 11 | Wallamba River | 9.1 | 9.9 |
| | **Total / Average** | **100.9** | **12.0** |

**Victoria**

| # | Property | Carrying value ($m) | Cap rate (%) |
|---|---|---|---|
| 12 | Ashley Gardens | 20.3 | 10.3 |
| 13 | Boathaven | 7.8 | 15.1 |
| 14 | Geelong | 3.2 | 23.0 |
| 15 | Yarraby | 10.2 | 11.3 |
| | **Total / Average** | **41.5** | **12.4** |

1 Excludes three WA resort properties conditionally sold
2 Tomago Van Village acquired post 30 June 2015

# Aspen Group direct portfolio

| Property | Segment / Accommodation type | Carrying values Jun-15 $m | Jun-14 $m | Movement $m | % |
|---|---|---|---|---|---|
| Four Lanterns Estate[1] | 100% permanent | 8.0 | - | - | - |
| Mandurah Gardens Estate[1] | 100% permanent | 10.7 | - | - | - |
| Tomago Van Village [1] | Mixed permanents/short-stay | 11.2 | - | - | - |
| Aspen Karratha Village | Resource | 22.0 | 38.5 | (16.5) | (43%) |
| Spearwood | Commercial / Industrial | 63.3 | 66.3 | (3.0) | (5%) |
| Upper Swan | Development | 3.1 | 2.4 | 0.7 | 29% |
| Midland | Commercial / Industrial | 2.5 | 2.0 | 0.5 | 25% |
| Aspen Whitsunday Shores (AWSS) | Development | 3.0 | 2.4 | 0.6 | 30% |
| **Total** | | **123.8** | **111.6** | **12.2** | **11%** |

[1] Includes unrecognized goodwill

- Carrying value reductions occurred at AKV ($16.5m) and Spearwood ($3.0m) during FY15
- Increase in AWSS represents infrastructure works undertaken

# APPF portfolio

| Property | State | Accommodation type | Carrying values Jun-15 $m | Carrying values Jun-14 $m |
|---|---|---|---|---|
| Ballina Lakeside | NSW | Residential/short-stay | 17.2 | - |
| Harrington[1] | NSW | Residential/short-stay | 8.3 | - |
| Maiden's Inn | NSW | Residential/short-stay | 15.0 | 14.5 |
| Shady River | NSW | Residential/short-stay | 5.8 | 6.0 |
| Twofold Bay | NSW | Residential/short-stay | 6.5 | 6.0 |
| Wallamba River | NSW | Residential/short-stay | 9.1 | 7.7 |
| Australiana | QLD | Residential/short-stay | 6.0 | - |
| Boathaven | VIC | Residential/short-stay | 7.8 | 8.0 |
| Geelong Riverview | VIC | Residential/short-stay | 3.2 | 2.4 |
| Yarraby | VIC | Residential/short-stay | 10.2 | 9.4 |
| Coogee Beach[2] | WA | Residential/short-stay | 6.5 | 7.3 |
| Perth Vineyards | WA | Residential/short-stay | 14.7 | 14.0 |
| Woodman Point[3] | WA | Residential/short-stay | 13.0 | 12.5 |
| Horseshoe Lagoon | NSW | Residential/short-stay | 8.5 | 8.0 |
| Dubbo Parklands | NSW | Residential/short-stay | 11.3 | 10.2 |
| Ashley Gardens | VIC | Residential/short-stay | 20.3 | 19.5 |
| Port Augusta | SA | Residential/short-stay | 5.7 | 5.7 |
| Myall Grove | SA | Resource | 2.7 | 5.3 |
| Balmoral | WA | Resource | 1.2 | 3.9 |
| Cooke Point[4] | WA | Resource | 8.1 | 11.3 |
| Pilbara | WA | Resource | 7.9 | 11.2 |
| Exmouth Cape[5] | WA | Tourist | 10.1 | 10.3 |
| Monkey Mia[5] | WA | Resort | 14.6 | 14.9 |
| Ningaloo Reef[5] | WA | Resort | 9.4 | 10.1 |
| **Total** | | | **223.3** | **198.2** |

[1]Harrington includes unrecognised acquisition costs $0.6m
[2] Coogee Beach includes unrecognised goodwill of $2.0m at Jun 15
[3] Woodman Point includes unrecognised goodwill of $5.7m at June 15
[4] Cooke Point includes unrecognised goodwill at Jun 14 of $6.0m
[5] Properties held for sale at 30 June 2015 and classified as *Discontinued assets held for sale*

# Strong acquisition momentum in east coast markets: Harrington, Australiana

**Harrington Holiday Park**
Harrington, New South Wales

**Acquisition announced**: 8 December 2014
**Purchase price**: $7.8 million
**Initial yield**: 12.9%

Harrington Holiday Park is located on the NSW Mid-North Coast, approximately 80km south of Port Macquarie.

The park is a 315 site mixed use property, with annual rentals accounting for approximately 22% of revenue. The property is leasehold with 24 years remaining.

**Australiana Holiday Park**
Hervey Bay, Queensland

**Acquisition announced**: 20 March 2015
**Purchase price**: $6.0 million
**Initial yield**: 10.7%

Australiana is situated in Hervey Bay, 290 kilometres north of Brisbane on the Fraser Coast, and a popular town for both tourism and retirement.

Australiana is a 4.5 star AAA rated accommodation park which comprises 107 sites with a mix of two thirds short stay caravan sites and cabins, and one third permanent residents.

# Strong acquisition momentum in east coast markets: Ballina, Tomago

**Ballina Lakeside Holiday Park**
Ballina, New South Wales

**Acquisition announced**: 15 May 2015
**Purchase price**: $16.5 million
**Initial yield**: 10.0%

Ballina Lakeside Holiday Park is located immediately adjacent to Shaws Bay lagoon and approximately 500 metres from the beach. The park is a 226 site mixed use property which includes 83 permanent residential sites and 143 short stay sites on 5.44 ha of land.

**Tomago Van Village**
Newcastle, New South Wales

**Acquisition announced**: 3 August 2015
**Purchase price**: $10.5 million
**Initial yield**: 9.3%

Tomago Van Village is located in metropolitan Newcastle, approximately 18 kilometres from the Newcastle CBD and 160 kilometres north of central Sydney.

The property has 160 sites, 136 of which are licences for long-term utilisation, with the balance being short-stay sites. There is an existing development consent for a further 24 long-term sites.

# MHE acquisitions aligned to focus on 'value-for-money' accommodation

**Four Lanterns Estate**
Leppington, New South Wales

**Acquisition announced**: 13 January 2015
**Purchase price**: $7.4 million
**Initial yield**: 7.6%

Four Lanterns Estate is located within the Leppington Town Centre, part of the major south-western Sydney metropolitan growth corridor.

Established for over 40 years, the site has 102 existing residential sites, with a 100% occupancy level. Development potential exists to increase the number of residential sites subject to Council approval.

**Mandurah Gardens Estate**
Mandurah, Western Australia

**Acquisition announced**: 22 June 2015
**Purchase price**: $10.2 million
**Initial yield**: 9.25%

Mandurah Gardens Estate is located on the banks of the Serpentine River and is in close proximity to the regional hospital, Mandurah Forum shopping centre as well as the Mandurah beaches and restaurant precinct.

Established in 1999, it has 158 residential sites and a 100% occupancy level.

# Appendix B: detailed financials

# Financial highlights

| Key financial metrics ($m) | FY15 | FY14 | Change |
|---|---|---|---|
| Revenue | 65.2 | 110.6 | (41.0%) |
| Statutory Loss | (31.7) | (81.8) | 62.2% |
| Operating Profit[1] | 10.2 | 14.7 | (30.6%) |
| Operating Profit (cps) | 9.0 | 12.3 | (26.8%) |
| Operating Cashflow | 3.4 | 40.5 | (113.6%) |
| Gearing | 35.1% | nil | 35.1% |
| Net Asset Value ($ / Security) | 1.26 | 1.50 | (16.0%) |
| Distribution per Security (cps) | 9.0 | 11.5 | (21.7%) |

[1] Operating profit attributable to equityholders of Aspen

# Debt structure

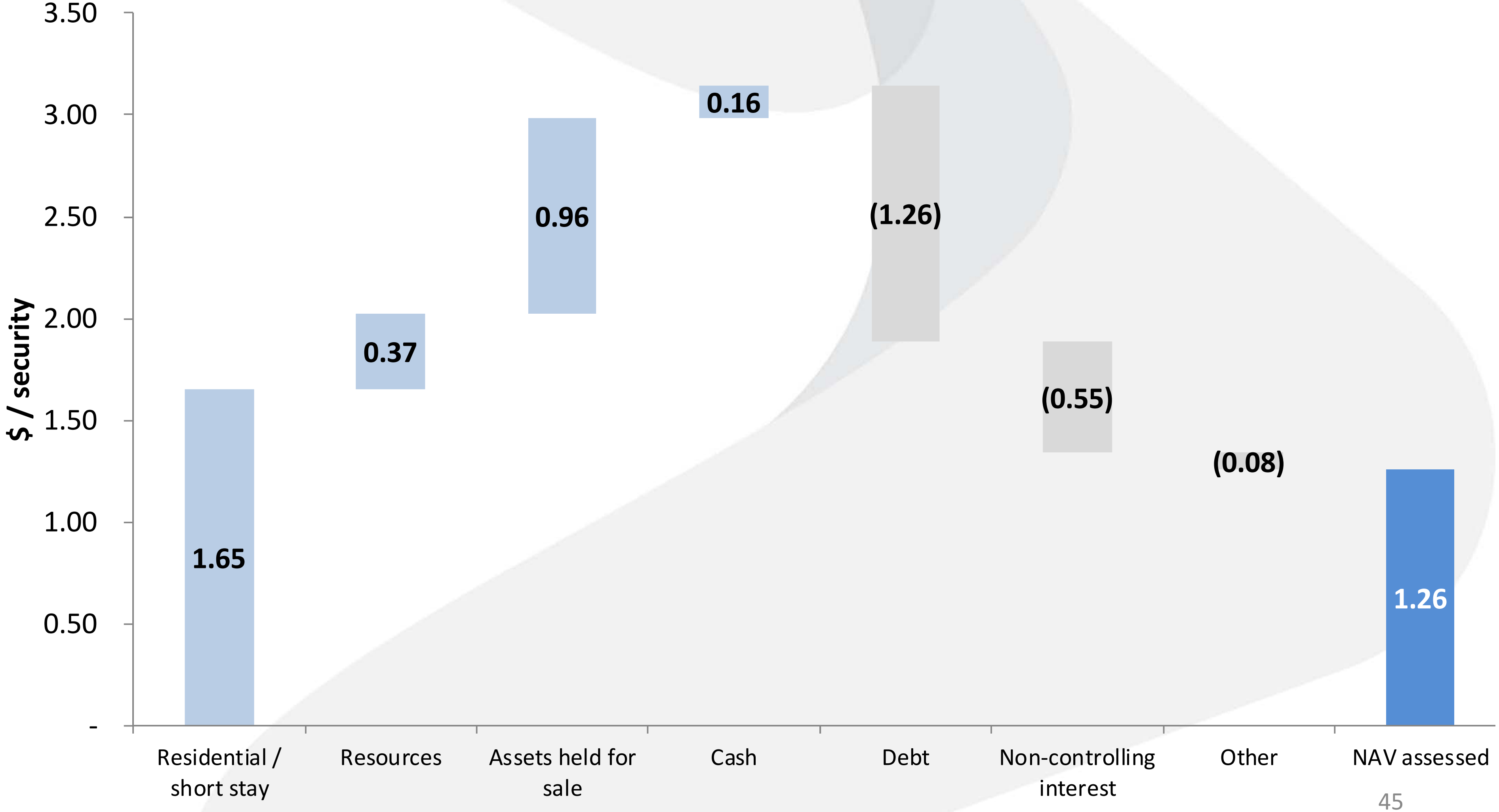
- Simple debt structure
  - Facility for each of Aspen Group and APPF
  - Both refinanced during FY15, with an increase in term, and reduction in margin

| Senior debt facilities | APZ | APPF |
|---|---|---|
| Maturity date | Sep 17 | Sep 17 |
| Total drawn debt | 35.1m | 107.4m |
| Senior debt facilities | 60.0m | 110.0m |
| LVR | 32%/ 0%[1] | 48% / (40%[2]) |
| LVR limit covenant | 50% | 50% |
| Debt maturity (years) | 2.3 | 2.3 |
| Weighted average cost of debt | 5.1% | 4.7% |

[1] APZ LVR pro forma for Tomago/Spearwood
[2] APPF LVR pro forma for three north-west WA properties conditionally sold

# NAV per security composition

- Of the $0.96 per security in assets held for sale, $0.62 has been contracted for sale
  - $0.26 pertains to the unsold half of Spearwood South



# APZ operating earnings deconsolidated

## APPF deconsolidated and reflected as equity accounted investment

| | FY15 | | FY14 |
|---|---|---|---|
| | $m | CPS | $m |
| **Profit / (loss) from operations** | | | |
| Accommodation | | | |
| - AKV | 5.7 | 5.0 | 10.7 |
| - Four Lanterns | 0.2 | 0.2 | 0.0 |
| - APPF management fees / equity | 6.3 | 5.5 | 5.0 |
| Commercial / industrial | 6.9 | 6.1 | 15.2 |
| Development and other | (0.1) | (0.1) | (4.2) |
| **Total income** | **18.9** | **16.7** | **26.7** |
| Operating expenses | (7.4) | (6.5) | (10.6) |
| Financial expenses | (1.3) | (1.2) | (1.3) |
| **Operating profit before tax** | **10.2** | **9.0** | **14.8** |
| Income tax expense | 0.0 | 0.0 | 0.0 |
| **Operating profit after tax** | **10.2** | **9.0** | **14.8** |
| **APZ distributions** | **10.2** | **9.0** | **13.8** |

# APZ balance sheet deconsolidated

## APPF deconsolidated and reflected as equity accounted investment

| | 30-Jun-15<br>$m | 30-Jun-14<br>$m |
|---|---|---|
| Cash | 21.5 | 44.7 |
| Property, plant and equipment | 39.6 | 1.4 |
| Goodwill | 1.6 | 0.0 |
| Assets held for sale | 74.3 | 115.2 |
| Investment properties / equity investment | 45.1 | 49.2 |
| Other | 6.0 | 11.2 |
| **Total assets** | **188.1** | **221.7** |
| Borrowings | 35.1 | 26.7 |
| Subsidiary liabilities held for sale | 0.6 | 3.9 |
| Other | 9.9 | 11.4 |
| **Total liabilities** | **45.6** | **42.0** |
| **Net assets (NAV)** | **142.5** | **179.7** |
| **NAV per share** | **1.26** | **1.50** |
| **Gearing** | 8.4% | Nil |
| **Look through gearing** | 22.5% | Nil |

# APPF operating earnings

| | FY15 $m | FY15 CPS | FY14 $m |
|---|---|---|---|
| **Profit / (loss) from operations** | | | |
| Residential / short stay | 16.1 | 7.4 | 14.1 |
| Resources | 4.4 | 2.0 | 7.0 |
| Non-core assets | 3.8 | 1.7 | 4.6 |
| **Total income** | **24.2** | **11.2** | **25.6** |
| Operating expenses | (5.6) | (2.6) | (5.5) |
| Fund management fees | (2.1) | (1.0) | (3.1) |
| Financial expenses | (4.9) | (2.3) | (6.5) |
| **Operating profit before tax** | **11.6** | **5.4** | **10.6** |
| Income tax expense | 0.0 | 0.0 | 0.0 |
| **Operating profit after tax** | **11.6** | **5.4** | **10.6** |
| **APPF distributions[1]** | **8.7** | **4.0** | **10.5** |

[1] Distribtuions are paid after retaining earnings to allow for operating capital expenditure requirements

# APPF profit/loss

| | FY15 $m | FY15 CPS | FY14 $m |
|---|---|---|---|
| **Operating profit** | **11.6** | **5.4** | **10.7** |
| Residential / short stay revaluations | 1.7 | 0.8 | (29.9) |
| Resource property revaluations | (12.2) | (5.6) | (21.7) |
| Non-core revaluations | (2.1) | (1.0) | (20.0) |
| Acquisition cost impairment | (2.3) | (1.1) | 0.0 |
| Administration and relocation costs | (1.2) | (0.5) | 0.0 |
| Financial expenses (mark to mark of interest rate swap) | (1.5) | (0.7) | (0.6) |
| Other statutory amounts | (0.5) | (0.2) | 0.0 |
| **Total comprehensive loss for the year before tax** | **(6.5)** | **(3.0)** | **(61.4)** |
| Tax benefit / (expense) | 0.6 | 0.3 | 1.1 |
| **Total comprehensive loss for the year after tax** | **(5.9)** | **(2.7)** | **(60.3)** |
| Revaluation through capital reserve | 0.9 | 0.4 | 11.4 |
| **Total comprehensive loss for the year after tax** | **(5.0)** | **(2.3)** | **(49.0)** |

# APPF balance sheet

| | 30-Jun-15 $m | 30-Jun-14 $m |
|---|---|---|
| Cash | 1.8 | 3.9 |
| Property, plant and equipment | 172.9 | 177.6 |
| Goodwill | 16.3 | 10.3 |
| Assets held for sale | 34.2 | 12.0 |
| Other | 2.9 | 4.9 |
| **Total assets** | 228.0 | 208.6 |
| Borrowings | 106.6 | 110.2 |
| Other | 14.0 | 12.2 |
| **Total liabilities** | 120.5 | 122.4 |
| **Net assets** | 107.5 | 86.2 |
| **NAV per share** | 0.4622 | 0.5299 |
| **Gearing** | 46.3% | 51.4% |
| **Look through gearing** | 47.8% | 52.0% |

# Disclaimer

This presentation has been prepared by Aspen Group (“Aspen”) and should not be considered in any way to be an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, and neither this document nor anything in it shall form the basis of any contract or commitment. Prospective investors should make their own independent evaluation of an investment in Aspen. Nothing in this presentation constitutes investment, legal, tax or other advice. The information in this presentation does not take into account your investment objectives, financial situation or particular needs. The information does not purport to constitute all of the information that a potential investor may require in making an investment decision.

Aspen has prepared this presentation based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Aspen , its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

All references to dollar amounts are in Australian currency unless otherwise stated.