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MARKET RELEASE

ASX ANNOUNCEMENT 16 November 2015

APPF AGM and business update

Aspen Group (ASX:APZ) notes the enclosed announcements by Aspen Parks Property Fund (**APPF**):

- Annual General Meeting Presentation; and
- September 2015 Quarterly Business Update.

END



Aspen Parks Property Fund

Annual General Meeting

16 November 2015

Fund Update

Phil Barker
Head of Funds Management
Aspen Group

Agenda

- FY15 Overview
- Portfolio Update
- Performance Update
- APPF and Aspen Group Merger Proposal
- Conclusion



Maidens Inn Holiday Park - Moama, NSW

Key financial outcomes

Financial performance impacted by resources sector

- Operating profit of \$11.6m, reflecting 5.4 cents per security
- Residential/short-stay earnings strong, resources sector earnings weak
- 1Q FY16 operating results released today
- NAV declined to \$0.46 at 30/6/15 – primarily resulting from lower resources sector park valuations

Distributions maintained

- Full year distribution 4.0cps – (represents 75% of earnings, balance retained to fund essential capital expenditure)
- Distribution level maintained into FY16
- Current yield on NAV of 8.7%

Prudent capital management

- APPF \$40.6m recapitalisation via Entitlement Offer
- \$6.0m withdrawal offer undertaken in November 2014
- Debt facility refinanced: extended maturity to September 2017, lower interest rate margin
- Gearing level within policy range of 35%-45%

Key portfolio and operational outcomes

Optimising portfolio composition

- Sale of non-core resort portfolio in north west WA (\$34.2m) completes exit from food and beverage exposure (settled 15 September 2015)
- Strategic acquisitions (combined \$30.3m) along east coast provide increased permanent/annual sites and less seasonal tourism exposure

Value enhancing portfolio management

- Transfer of cabins from Pilbara to Perth for sale as residential homes
- Development approval achieved for 109 new sites at Perth Vineyards
- Completion of Dubbo Parklands water playground and 4 additional cabins

Focus on operational efficiencies

- Appointed new Head of Operations (commenced October 15)
- IT system upgrade programme underway
- New customer website launched June 2015

Acquisition – Australiana Holiday Park

Australiana Holiday Park Hervey Bay, Queensland



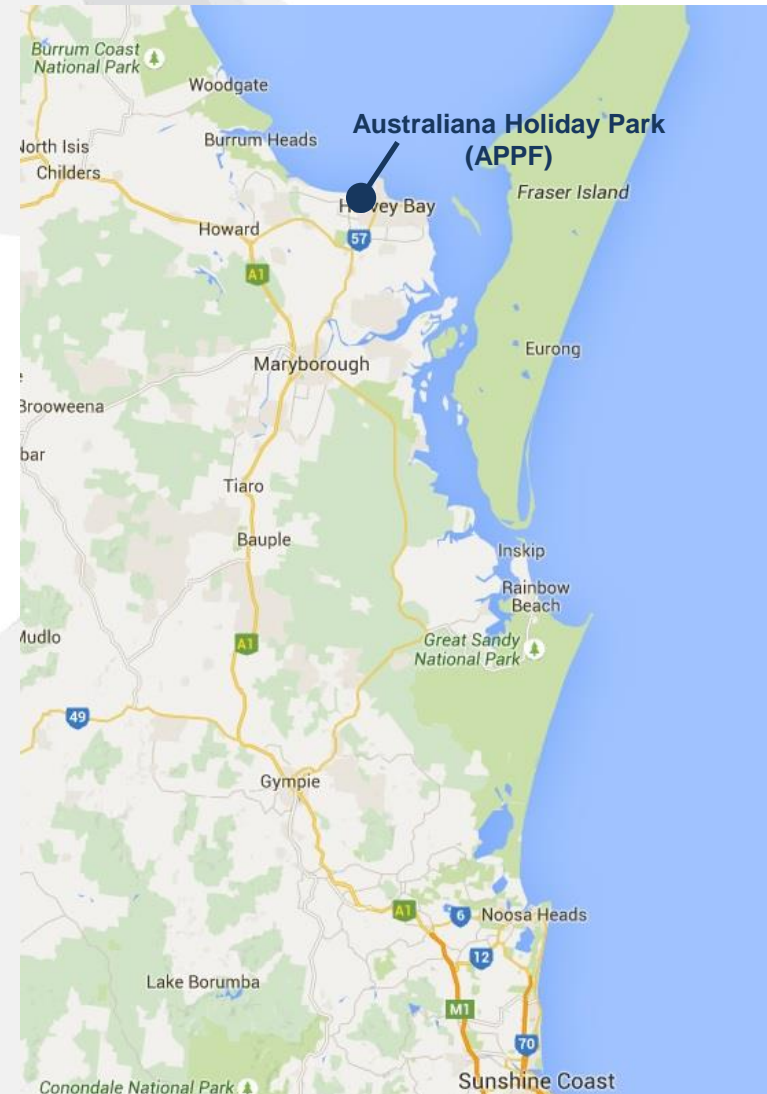
Acquired: 20 March 2015

Purchase price: \$6.3 million

Initial yield: 10.0%

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.



Acquisition – Ballina Lakeside Holiday Park

Ballina Lakeside Holiday Park

Ballina, New South Wales



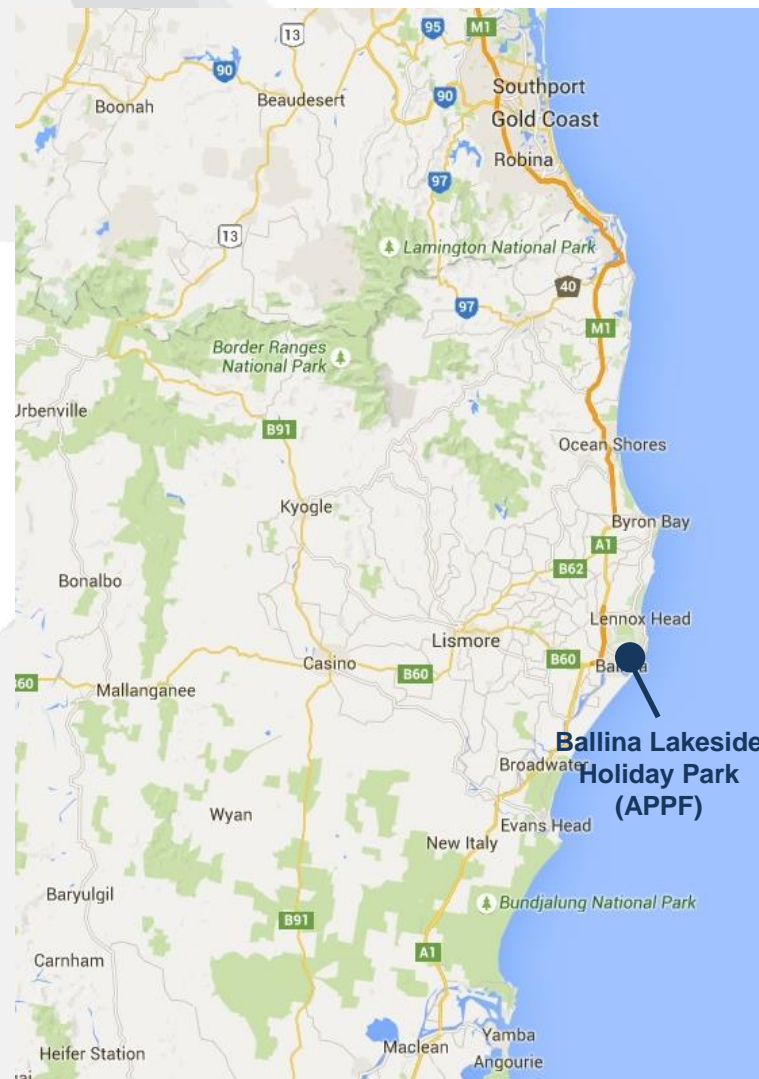
Acquired: 30 June 2015

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.



Perth Vineyards Expansion



- Approval for 109 new sites
- 55% increase in capacity
- 60% residential, 40% short stay



Diversified accommodation portfolio

Western Australia (27%)

	Property	Carrying value (\$m)	Cap rate (%)
14	Balmoral	1.2	10.8
15	Cooke Point	8.1	36.2
16	Pilbara	7.9	16.5
17	Coogee Beach	6.5	19.2
18	Perth Vineyards	14.7	9.3
19	Woodman Point	13.0	11.5
Total / Average		51.4	16.5

South Australia (5%)

	Property	Carrying value (\$m)	Cap rate (%)
20	Myall Grove	2.7	16.2
21	Port Augusta	5.7	13.8
Total / Average		8.4	14.6

Total Sites 4673

- ❖ 1,922 permanent sites
- ❖ 2,751 short stay sites

○ FY15 acquisition

□ Resources property

Queensland (3%)

Property	Carrying value (\$m)	Cap rate (%)
Australiana	6.0	11.3

New South Wales (43%)

	Property	Carrying value (\$m)	Cap rate (%)
2	Ballina	16.5	9.0
3	Dubbo	11.3	10.2
4	Harrington	7.7	13.0
5	Horseshoe	8.5	12.8
6	Maiden's Inn	15.0	12.2
7	Shady River	5.8	12.7
8	Twofold Bay	6.5	10.3
9	Wallamba River	9.1	9.9
Total / Average		80.4	11.0

Victoria (22%)

	Property	Carrying value (\$m)	Cap rate (%)
10	Ashley Gardens	20.3	10.3
11	Boathaven	7.8	15.1
12	Geelong	3.2	23.0
13	Yarraby	10.2	11.3
	Total / Average	41.5	12.4

Merger is an important strategic initiative for APPF

1

Resolves limitations of APPF's unlisted fund structure – restricted access to new capital and securityholder liquidity

2

Increased liquidity enables securityholders to increase or reduce their investment - either immediately or at any time into the future at their discretion

3

Merger provides securityholders with a choice of outcomes at a significant premium to the current NAV of \$0.46

1. Security Option - retain Merged Group securities at a ratio of 0.42857:1 – based on current APZ trading price (\$1.45 as at 13/11/15) = \$0.62 per APPF security
2. Cash Option - \$0.60 per security (subject to cap of \$40.5m)

4

Merged Group will be a larger and fully integrated owner, manager and developer of accommodation parks with increased portfolio diversity and capacity to grow

Why vote Yes for the Merger

1

Merger provides significant benefits for APPF securityholders including:

- enhanced liquidity – option of receiving cash or ASX-listed securities
- increased distribution – 28% increase forecast
- synergy benefits and cost savings at a business level which support earnings growth
- improved ability to access capital markets for future growth opportunities

2

Directors unanimously recommend the Merger in the absence of a superior proposal

3

Directors consider the Merger to be superior to the Discovery Parks takeover offer

4

Independent Expert (KPMG Corporate Finance) concluded the Merger is:

- fair and reasonable
- in the best interest of APPF securityholders
- superior to the Discovery Parks takeover offer

Merger consideration: Cash v Scrip

- ❖ Cash Option of \$0.60 is equivalent value to Scrip Option at \$1.40 per Merged Group security
- ❖ Value of Scrip Option (refer table below) will change in line with Aspen Group security price up to the date of Merger implementation, expected in December.

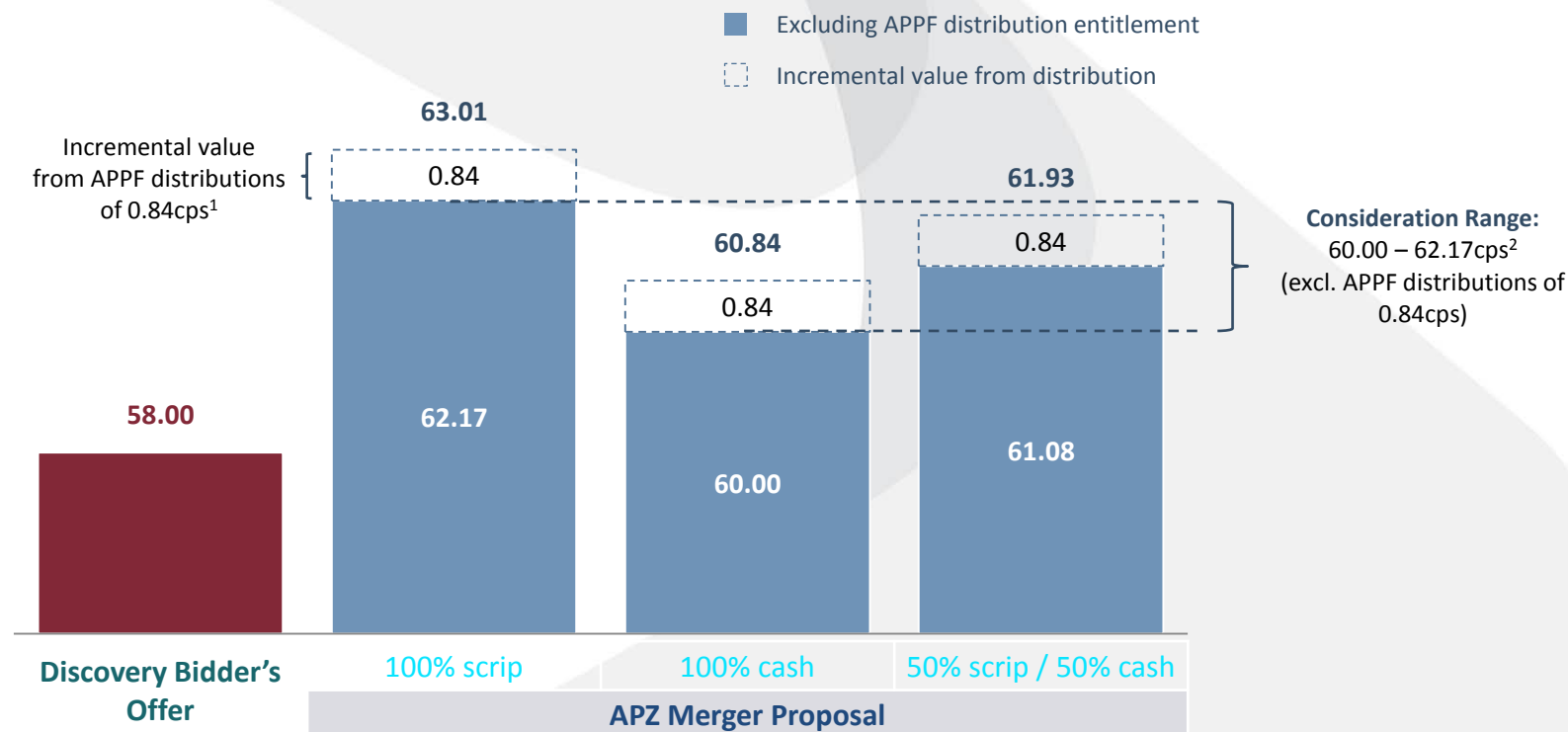
Value of Merger consideration based on relevant Aspen Group security price

Aspen Group Price (\$)	Distribution yield ⁽¹⁾	Value to APPF securityholders (\$)		
		100% Scrip	50% scrip, 50% cash	100% cash
1.30	9.2%	0.56	0.58	0.60
1.35	8.9%	0.58	0.59	0.60
1.40	8.6%	0.60	0.60	0.60
1.45	8.3%	0.62	0.61	0.60
1.50	8.0%	0.64	0.62	0.60
1.55	7.7%	0.66	0.63	0.60
1.60	7.5%	0.69	0.64	0.60

Aspen Group 10 day volume weighted average trading price is \$1.45 at 13/11/15

1 The Merged Group is forecasting an FY16 annualised distribution of 12.0 cents per Merged Group security, based on 2H FY16 distribution forecast of 6.0 cents per Merged Group security and no material change in business conditions. This is equivalent to an annualised distribution from APPF of 5.1 cents being 12.0 cents multiplied by the Merger ratio of 0.42857 Merged Group securities for one APPF security

Merger represents superior value to Discovery Parks bid



Notes: (1) Calculated by applying APPF's current annualised distribution rate of 4.0cps to the period from 1 October 2015 to 17 December 2015; (2) Consideration represents a range of either (a) the cash consideration of \$0.60 or (b) the merger ratio of 0.42857 multiplied by Aspen Group's 10 day VWAP of \$1.45 per security as at 13 November 2015

Enhanced Accommodation Portfolio

Merged Group accommodation portfolio comprises 26 accommodation parks and MHE's 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	14.7
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 Adelaide	9.3	10.5
25 Myall Grove	2.7	16.8
26 Port Augusta	5.7	13.8
Total / Average	17.7	12.5

Queensland

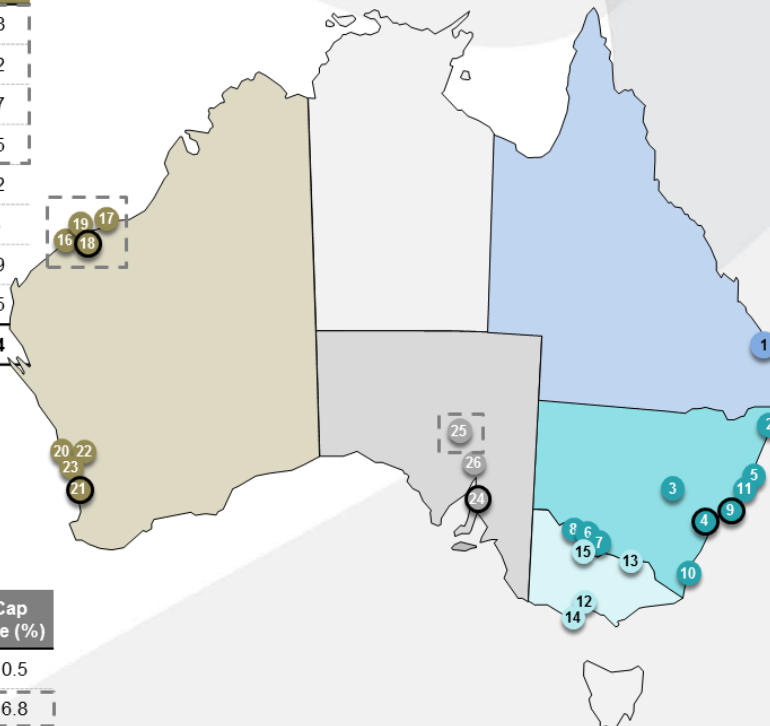
Property	Carrying value (\$m)	Cap rate (%)
1 Australiana	6.0	11.3

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



Aspen Group asset



Resource property

Key Messages

- 1 Residential and short stay parks performing solidly, however resource parks remain weak
- 2 Operational efficiency remains a key focus going forward, further investment being made in people and systems
- 3 Portfolio remains well positioned and supported by strong industry fundamentals
- 4 Merger with Aspen Group represents a significant strategic initiative that delivers increased value to securityholders
- 5 The Directors recommend all securityholders vote Yes to the Merger

General Business

Disclaimer

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Continuous Disclosure

Aspen Parks Property Fund

Date: 16 November 2015

Title: September 2015 Quarterly Business Update

Aspen Parks Property Fund provides the following quarterly update on business activities for the period ended September 2015.

KEY POINTS

- Net property income was down 15% on the September 2014 quarter but in line with budget
 - Net property income for the short-stay/residential portfolio continued to be positive, up 3% year-on-year
 - Continued weakness in the resource sector was reflected in performance from resources properties, down 42% year-on-year
- Development approval granted for an additional 109 sites at the Perth Vineyards property
- Dubbo Parklands expansion completed
- Sale of three properties in WA completed
- Announcement of proposed merger between APPF and Aspen Group

Operating performance

On a like-for-like basis, unaudited net property income was down 15% for the September 2015 quarter, compared with the September 2014 quarter, due principally to weakness in the resources sector. The weakness in the resources sector parks was materially in line with budget expectations, and reflects the well documented continued declining trading conditions in the resources sector generally.

Despite a relatively subdued domestic economy, in particular in Western Australia, the main short-stay/residential portfolio continued to show positive like for like net income growth, up 3%.

As a result of the weakness in the resources sector, overall operating margins declined, down 4% on a year-on-year basis; in the main short stay / residential portfolio, operating margins rose 1%.

Operating performance, September 2015 quarter vs September 2014 quarter

Property NOI (\$m)	Sep-14	Sep-15	variance
<u>Revenue</u>			
Short stay / residential	7.2	7.2	1%
Resources	3.4	2.6	-24%
Total	10.6	9.8	-7%
<u>Costs</u>			
Short stay / residential	4.1	4.1	0%
Resources	1.4	1.4	-1%
Total	5.6	5.5	0%
<u>Net income</u>			
Short stay / residential	3.0	3.1	3%
Resources	2.0	1.1	-42%
Total	5.0	4.3	-15%
<u>Margins</u>			
Short stay / residential	42%	43%	1%
Resources	58%	44%	-13%
Total	47%	43%	-4%

Like for like basis

Development

During the quarter, progress was made on the following initiatives:

- Development approval (DA) was obtained at Perth Vineyards for an additional 109 sites, which represents an increase of 55% on the existing 198 sites. Of these 109 sites, 66 sites (60%) will be available for permanent residential use. With this DA obtained, there will be the continuation of the relocation of bungalow cabins (4 transferred to date) from the Pilbara property in north-west WA to Perth Vineyards to be sold as permanent residential;
- Construction was completed at Dubbo Parklands on 4 short stay cabins, and a water playground; and
- DAs continued to progress on Shady River (~70 permanent residential sites) and Ashley Gardens (14 short stay sites). Subsequent to quarter end, the DA for Ashley Gardens was obtained.

A summary of master-planning currently in progress across the portfolio, with potential site expansion opportunities, or conversion of sites from short stay to permanent residential is outlined below.

Park	Potential sites	Permanent sites	Short stay sites
Brownfields – not approved			
Shady River	~70	~70	
Dubbo	16	Either	Either
Brownfields – approved			
Ashley Gardens	14		14
Balmoral	~200	~200	
Perth Vineyards	109	66	43
Conversion opportunity under assessment			
Maidens Inn			
Twofold Bay			

If you have any queries, please contact your financial adviser or Aspen Investor Services on 1800 220 840.

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