

# Aspen Group 2016 Half Year Results Presentation

23 February 2016





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**Review of the half year**

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**Portfolio update**

**3**

**Conclusion**

**Mr. Frank Zipfinger**

**Appendices**

# REVIEW OF FIRST HALF FY16

**Aspen is in a strong position. APPF sale completed. Business simplified. Attractive portfolio and \$61.3 million cash on hand<sup>1</sup>**

## APPF sale

- Sale of 42% interest at 38% premium (\$16.2 million) to APPF NAV
- Equivalent to 20% premium at asset level
- Termination of management rights for an additional \$5.0 million in value
- Total final premium from APPF sale of \$22.5 million or \$0.19 / share NAV
- Simplified business structure

## Attractive portfolio

- Two acquisitions settled: \$19.8 million (ex. acq. costs) at an average ingoing yield of 9.3%
- Two MHE / holiday park acquisitions under exclusive due diligence: ~ \$12.0 million<sup>2</sup>
- Strong pipeline of potential acquisitions in varying stages of investigation: > \$100.0 million<sup>2</sup>
- Significant development upside across the portfolio
- Single high yielding, fully leased industrial property
- AKV carrying value reduced, reflecting ongoing resource sector weakness

## Strong financial position

- Turnaround in statutory profit to \$6.0 million: first half-year statutory profit since 2011
- Distribution for 1H FY16 in line with guidance at 4.6 cents
- NAV per share of \$1.31<sup>3</sup> up from \$1.26 as at June 2015
  - \$0.54 cents is cash<sup>1</sup>
- No debt, \$61.3 million cash on hand<sup>1</sup>

<sup>1</sup> Proforma position for completion of APPF sale and payment of the 1H FY16 distribution

<sup>2</sup> There is no certainty that all or any of this pipeline of potential acquisitions may actually be acquired

<sup>3</sup> Increase to \$1.31 includes the sale of management rights in APPF which constitutes a \$0.04 increase in NAV per security

# STRONG POSITION TO MOVE FORWARD

## Board focus is on maximising securityholder value

### Future path forward

- Resetting the business following the successful APPF sale
- Grow the business in affordable accommodation, with a yield focus
  - Broader definition of affordable accommodation
  - Cycle out of existing yield assets, such as Spearwood, at appropriate timing / pricing
- Strong balance sheet allows Aspen to pursue multiple acquisition opportunities as well as capital management initiatives
  - This includes the on-market buyback of up to 10% of securities announced today
- Once the business is fully invested, there is the potential for a significant increase in earnings and hence distributions

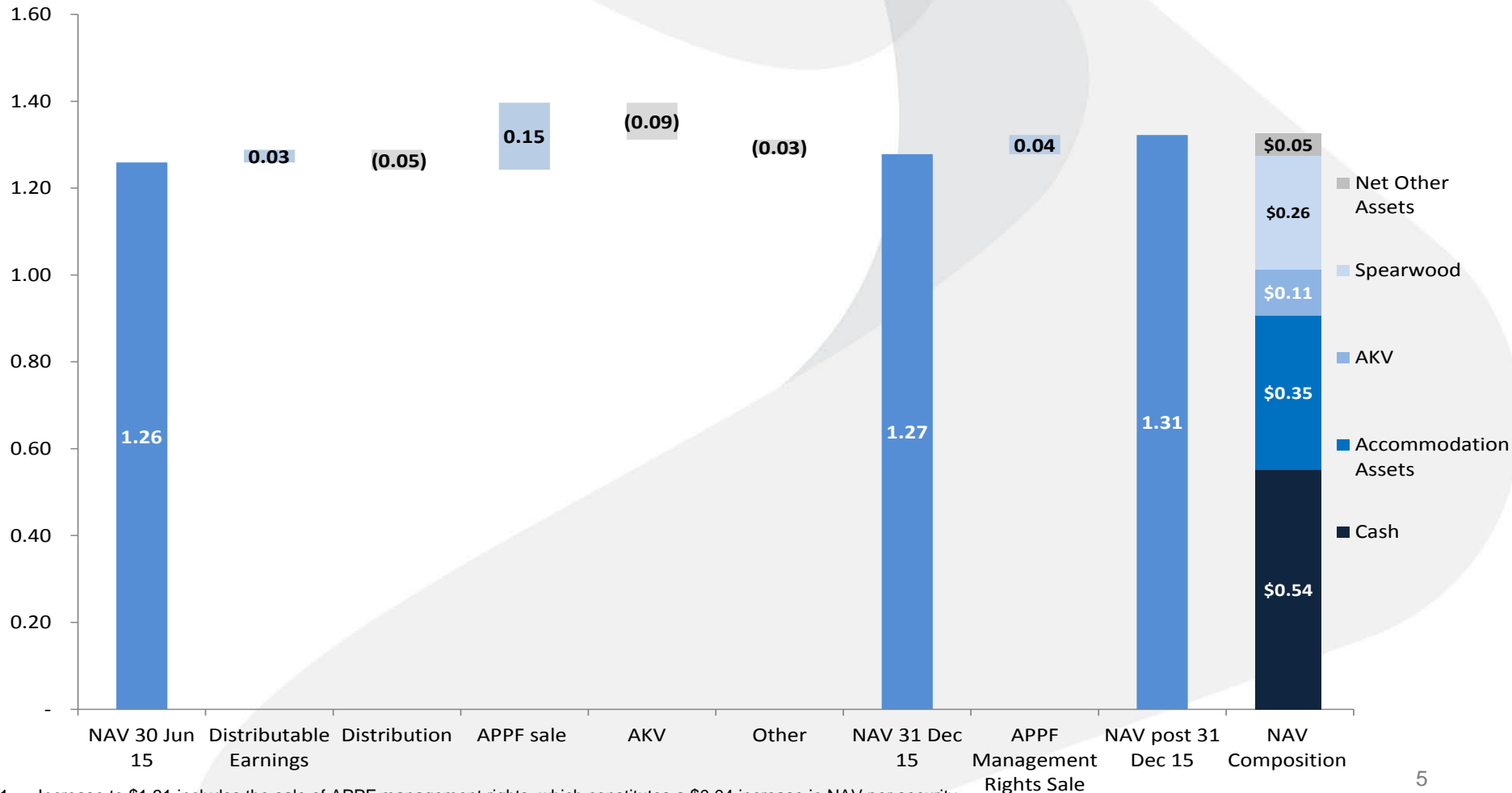
### Mill Hill Capital proposal

- Proposal received from Mill Hill Capital (MHC)
- MHC is an associate of Mr. John Carter, non-executive director of Aspen
- Board committee, excluding Mr. Carter, has been formed to consider this proposal
- The Board committee considers that the MHC Proposal has considerable merit to continue to progress with the Proposal
- If the results of due diligence and the Independent Expert supports the Proposal, the committee will seek approval from Aspen Group securityholders at a meeting at which Mr. Carter and his associates are unable to vote
- Aspen has negotiated a six week exclusivity period to undertake due diligence
- Governance protocols have been put in place

# NAV PER SECURITY UPLIFT

Increase in NAV per security in 1HFY16 of \$0.05 to \$1.31<sup>1</sup> - \$0.54 is in cash

- ❖ Positive impact of sale of APPF of \$0.19 (\$22.5m)
- ❖ Negative impact of devaluation of AKV of \$0.09 (\$10.0m)



<sup>1</sup> Increase to \$1.31 includes the sale of APPF management rights, which constitutes a \$0.04 increase in NAV per security

# CAPITAL MANAGEMENT

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## Potential for strong earnings and distribution upgrades

- ❖ The strong financial position of Aspen provides significant acquisitions capacity
- ❖ Even post a 10% security buyback, \$100.0 million in acquisitions would result in the proforma gearing of Aspen Group to be approximately 29%
- ❖ Given the significant spread between yields on accommodation assets and cash returns / interest costs, such acquisitions programme would be highly accretive to earnings and hence distribution capacity

## On-market buyback of up to 10% of securities on issue to be initiated

- ❖ Reflecting strong cash position and current share price level

## Distribution guidance for 2H FY16 of 4.6 cents per security

- ❖ In line with 1H FY16 distribution
- ❖ Earnings in 2H FY16 are expected to decline due to asset sales and the high level of cash on the balance sheet
- ❖ However, with the potential for earnings to rise as the balance sheet becomes fully invested, the Board has determined to maintain the current distribution rate

# ACCOMMODATION PORTFOLIO SNAPSHOT

## Aspen now holds five accommodation properties with significant development upside

- ❖ Two acquisitions completed over the half
  - Tomago Van Village, Newcastle NSW
  - Adelaide Caravan Park, SA
- ❖ Successful track record of seven acquisitions totalling \$71.0 million across Aspen and APPF over the last year
- ❖ Two assets in exclusive due diligence
  - 100% residential (Sydney region)
  - Mixed residential / short-stay (NSW north coast) with significant development potential
- ❖ Continue to focus on building the acquisition pipeline

### Portfolio Summary <sup>1</sup>

Accommodation type	Property Name	Value (\$m)	%	Number of sites	
				Existing	Total potential
100% short stay	Adelaide Caravan Park	9	19%	76	-
Mixed residential/short stay	Tomago Van Village	11	21%	156	56
100% permanent	Four Lanterns Estate	8	16%	102	31
	Mandurah Gardens Estate	10	20%	158	77 <sup>2</sup>
Resource	Aspen Karratha Village	12	24%	180	-
<b>Total</b>		<b>50</b>	<b>100%</b>	<b>672</b>	<b>164</b>

<sup>1</sup> See additional detail in Appendix  
<sup>2</sup> Being the Mandurah Gardens Expansion

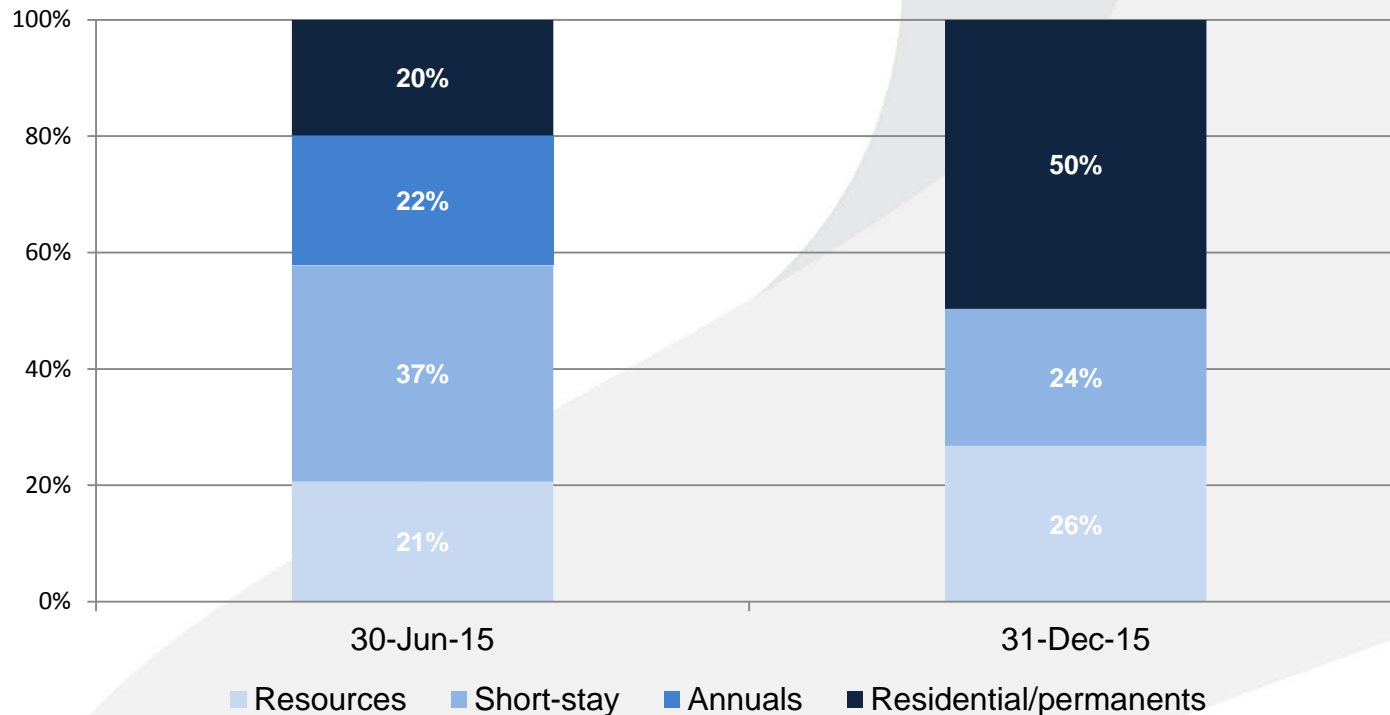
# PORTFOLIO WEIGHTING TO PERMANENT RESIDENTIAL



## Portfolio focus toward residential / permanents has increased

- ❖ Sale of APPF has increased the percentage of sites in the portfolio that are permanent / residential (and fewer seasonal short-stay properties)
- ❖ The only 100% short-stay property is in a central Adelaide city location, with an existing medium density residential land use zoning

% of sites <sup>1</sup>



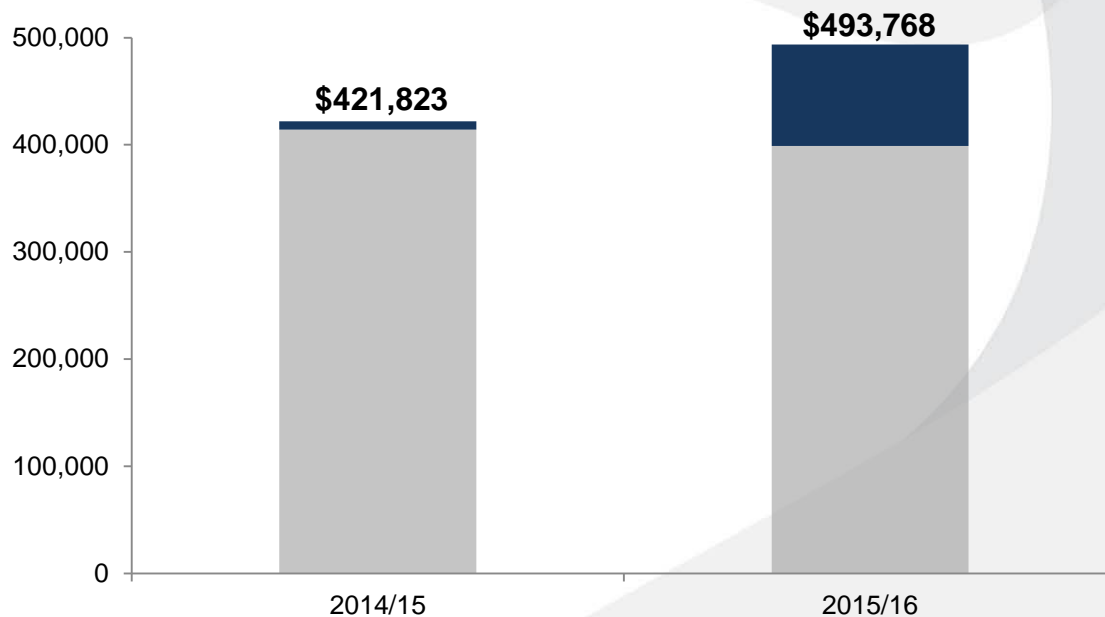
<sup>1</sup> See additional detail in Appendix



# ACQUISITION OF ADELAIDE CARAVAN PARK

## Multiple value add opportunities identified

- ❖ New focus in on-line sales and marketing
  - Revenue for the first three months of ownership is up 15% over the prior corresponding period
  - All of this gain is due to on-line bookings, which comprised 20% of revenue



Revenue, three months to 31 January      ■ Traditional   ■ Online

- ❖ Refurbishment and redevelopment programme scheduled for 2H FY16 of \$0.5 million
- ❖ Medium density residential zoning in place, which provides optionality on alternate land use
  - At value of \$9.3m, equivalent to \$617 / m<sup>2</sup> of land area

# OTHER PROPERTY ASSETS

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## Aspen Karratha Village (AKV)

- ❖ Carrying value of AKV to \$12.0 million
  - Write-down from the carrying value of \$22.0 million as at 30 June 2015
  - Reflects continued severe weakness in the resources sector with substantial falls in commodity prices
- ❖ Independent valuations from two firms were commissioned
  - Value range from \$17.0 million (prior valuer) to \$12.0 million
- ❖ Woodside lease in-place with term certain until January 2018, with two, 1 year options
  - The term certain component net cash flow to January 2018 is expected to be over \$6.0 million

## Spearwood South

- ❖ Given the substantial capital from the APPF sale and the attractive property metrics, the property is being retained
  - 100% leased to AWH
  - Lease expiry in June 2020 (>4 year WALE)
  - Annual 4% rental increases
  - Yield on carrying value of 11%
- ❖ Significant redevelopment opportunity in a highly attractive industrial location

# MILL HILL CAPITAL PROPOSAL

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- ❖ Formal conflict protocols have been adopted by the Board
  - The proposal will only be reviewed and negotiated by the directors excluding Mr. Carter
- ❖ Process will require
  - Independent valuations supporting the acquisition price
  - Independent Expert's Report concluding that the Proposal is fair and reasonable and in the best interests of Aspen Group securityholders (other than Mr. Carter and his associates)
- ❖ The proposal will also be subject to Aspen Group securityholder approval at a securityholder meeting
  - The interests of Mr. Carter and his associates will not be able to vote at the meeting
- ❖ Proposed indicative timing
  - Exclusive due diligence period – March / April 2016
  - Notice of meeting and Explanatory Memorandum – May 2016
  - Securityholder meeting – June 2016

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# Appendices



# ACCOMMODATION PORTFOLIO DETAILS



	Four Lanterns Estate	Mandurah Gardens Estate <sup>1</sup>	Tomago Van Village	Adelaide Caravan Park	Total	Aspen Karratha Village
State	NSW	WA	NSW	SA	-	WA
Segment / accommodation type	100% permanent	100% permanent	Mixed residential / short-stay	100% short-stay	-	Transient worker
Value (\$m)	8.0	10.2	10.5	9.3	<b>38.0</b>	12.0
Ingoing yield	8.3%	9.3%	9.3%	9.4%	<b>9.1%</b>	-
Land tenure	Freehold <sup>2</sup>	Freehold	Freehold	Freehold <sup>2</sup>	-	Freehold
Area (ha)	3.9	6.8	13.9	1.5	<b>26.1</b>	2.9
Existing long-stay	102	158	74	-	<b>334</b>	-
Short-stay cabin <sup>3</sup>	-	-	68	45	<b>113</b>	180
Short-stay sites <sup>4</sup>	-	-	14	31	<b>45</b>	-
<b>Total</b>	<b>102</b>	<b>158</b>	<b>156</b>	<b>76</b>	<b>492</b>	<b>180</b>
DA approved	-	63	24	-	<b>87</b>	-
Pre-DA	31	14	32	-	<b>77</b>	-
<b>Total</b>	<b>31</b>	<b>77</b>	<b>56</b>	<b>-</b>	<b>164</b>	<b>-</b>
<b>Total potential sites</b>	<b>133</b>	<b>235</b>	<b>212</b>	<b>76</b>	<b>656</b>	<b>180</b>

1 Includes Mandurah Gardens Expansion

2 In-place zoning for medium density residential

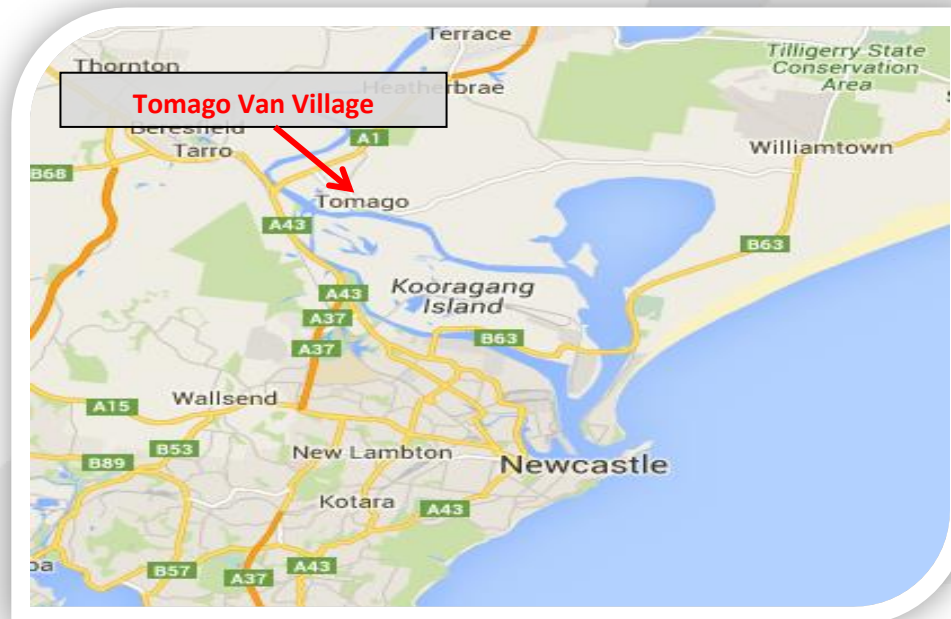
3 Cabins used for short-stay or worker accommodation

4 Sites used for caravans or designated camping

# ACQUISITION OF TOMAGO VAN VILLAGE

- ❖ Located 18 km from the Newcastle CBD
- ❖ Adjacent to the Tomago industrial area, which is a substantial source of customer demand
- ❖ 156 sites, 136 of which are licensed for long-term utilisation <sup>1</sup>
- ❖ Almost all of the short-stay cabins are used for relatively longer term and more stable worker accommodation, rather than tourism
- ❖ Significant residential development opportunity

Acquisition price	Ingoing yield (excl. acq. Costs)	Long-term sites	Short-term / worker/ cabins / sites	DA approved additional sites	Total area	Tenure
\$10.5m	9.3%	74	82	24	13.9 ha	Freehold

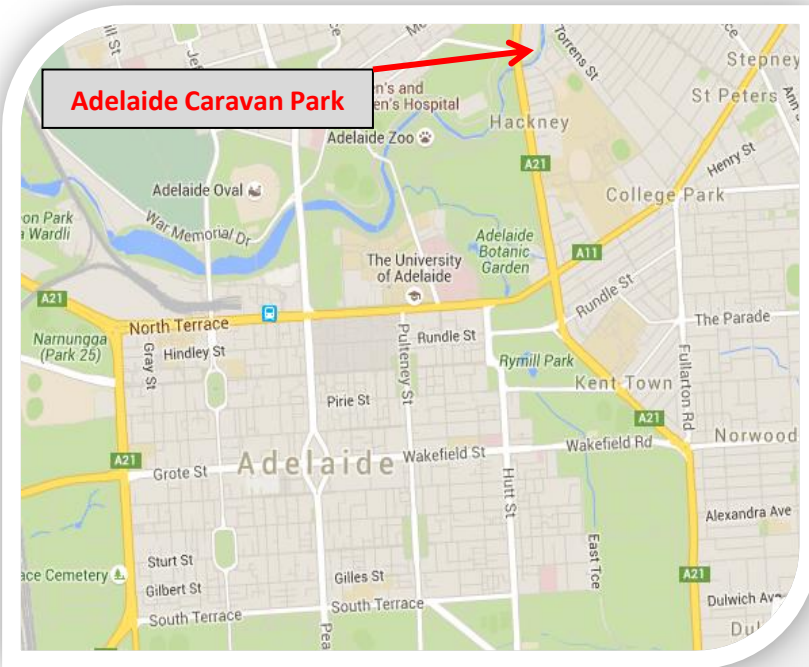


<sup>1</sup> Currently, only 74 of the 136 approved sites are used as long-term accommodation, 62 are being used as worker accommodation

# ACQUISITION OF ADELAIDE CARAVAN PARK

- ❖ Located 3km from the centre of the Adelaide CBD
- ❖ Property backs onto the River Torrens and is within walking distance to the Adelaide Oval and Adelaide CBD
- ❖ 76 short-term sites (45 tourist cabins / 31 caravan / tent sites)

Acquisition price	Ingoing yield (excl. acq. Costs)	Long-term sites	Short-term cabins / sites	Total area	Tenure
\$9.3m	9.4%	-	76	1.5 ha	Freehold





# DEVELOPMENT: SITE RECYCLING

## Significant opportunity for site recycling and upgrade

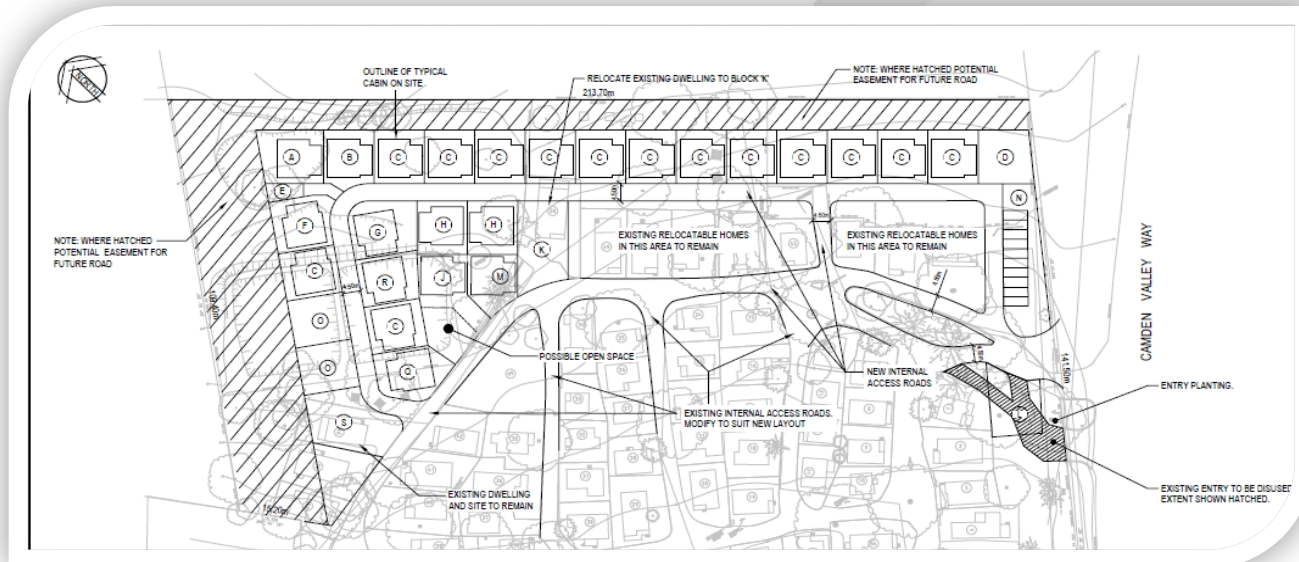
- ❖ Site recycling and upgrade is a key source of value
  - Modern home product to meet contemporary customer demand
  - Development margin on new home
  - Quick turnaround of an existing site (essentially in place infrastructure)
  - Upgrade to overall park community
- ❖ Example of Four Lanterns, Leppington
  - Site was bought back for \$2,000 in June 2015
  - Existing structure sold on-line via Gumtree.com for \$1,000 and removed by purchaser
  - New home installed and sold in February 2016 for \$285,000
  - Development margin of \$100,000
- ❖ Four sites settled at Four Lanterns in February 2016
- ❖ Two sites currently held in process of recycling



# FOUR LANTERNS: EXPANSION

## Development to unlock significant 30% expansion of sites

- ❖ Property purchased in January 2015
  - Consisted of 102 homes in various condition
  - Since acquisition, over 5% of sites have been purchased and recycled with modern homes
- ❖ Detailed asset management has resulted in plans to develop an extra 31 residential sites
- ❖ DA to be submitted imminently
- ❖ Very strong community interest and demand for affordable product in metropolitan Sydney
- ❖ Site recycling has enhanced the overall presentation of the park to deliver improved yields and increase customer demand for the larger scale development



Indicative scheme only, subject to change

# TOMAGO VAN VILLAGE: EXPANSION / REDEVELOPMENT



**Acquired with consistent / reliable income stream in place, with the ability to augment with additional permanent dwellings**

- ❖ Property purchased in August 2015
  - Licensed for 136 long-term sites
  - Existing DA for an additional 24 residential sites
- ❖ Undertaking extensive asset management process to determine best course of action for development
  - Initial reports have determined a shortfall of over 242 homes in the catchment area by 2021
  - Catchment area fits profile of MHE residents
  - Reworked master-planning indicates capacity to add an additional 56 residential sites (32 residences, on top of the 24 previously approved)
- ❖ Targeting to submit a revised DA in 2H FY16
  - Meet continued community demand for affordable residential housing
- ❖ In addition, over time, potential to convert existing short-stay sites into residential



**Indicative development scheme only, subject to change**

# MANDURAH GARDENS EXPANSION <sup>1</sup>

## Heads of Agreement on adjacent site

- ❖ 63 DA approved long-term sites with additional 11 long-term sites subject to DA approval and a further three long-term sites subject to environmental approvals (potential 77 total sites), which adds to 158 existing sites at Mandurah Gardens Estate.
- ❖ Alternative product will improve the overall community, thus assisting resale of existing homes in Mandurah Gardens Estate

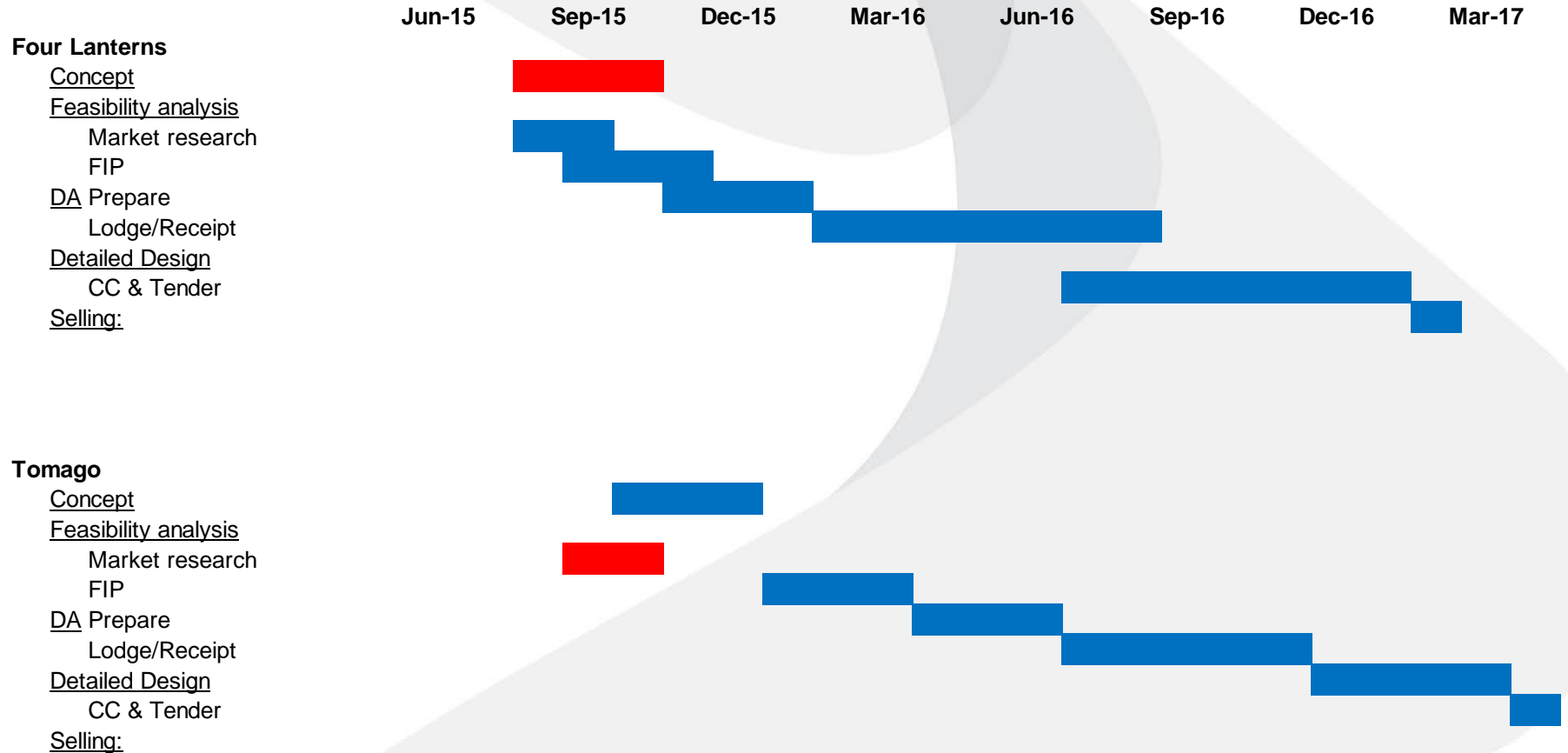


Indicative scheme only, subject to change

<sup>1</sup> Subject to due diligence process and final settlement. Heads of Agreement was executed in February 2016

# DEVELOPMENT: INDICATABLE TIMETABLE <sup>1</sup>

## Development expansion pipeline beginning to ramp up



<sup>1</sup> Indicative only, subject to change

## FINANCIAL HIGHLIGHTS

- ❖ Operating earnings lower due to sale of APPF and sale of non-core assets
- ❖ Distribution for 1H FY16 in line with guidance at 4.6 cps

Key financial metrics	1H FY16	2H FY15	1H FY15	Change from 1H FY16- 1H FY15
Revenue	\$31.1m	\$31.7m	\$33.8m	(8%)
Statutory profit / (loss)	\$6.0m	(\$13.5m)	(\$18.2m)	(133%)
Operating profit	\$3.9m	\$4.8m	\$5.4m	(27%)
Operating profit EPS	3.5c	4.2c	4.8c	(28%)
Operating cashflow	\$3.3m	\$0.4m	\$3.0m	10%
Distribution per security	4.6c	4.5c	4.5c	2%

# OPERATING EARNINGS

	1HFY16 \$m	1HFY16 CPS	1HFY15 \$m
<b>Profit from operations</b>			
Accommodation			
- Aspen Group properties	3.5	3.1	2.8
- APPF properties	9.3	8.3	7.1
- APPF management fees / equity	0.2	0.2	-
Non-core	1.6	1.4	5.4
<b>Total gross profit</b>	<b>14.6</b>	<b>12.9</b>	<b>15.3</b>
Operating expenses / depreciation	(8.4)	(7.4)	(8.2)
Financial expenses	(2.4)	(2.1)	(1.7)
<b>Operating profit before tax</b>	<b>3.9</b>	<b>3.5</b>	<b>5.4</b>
Income tax expense	-	-	-
<b>Operating profit after tax</b>	<b>3.9</b>	<b>3.5</b>	<b>5.4</b>
Non-controlling interest <sup>1</sup>	(1.2)	(1.0)	(0.2)
<b>APZ share of operating profit after tax</b>	<b>2.7</b>	<b>2.4</b>	<b>5.2</b>
add-backs <sup>2</sup>	0.6	0.5	-
<b>Distributable / cash earnings</b>	<b>3.3</b>	<b>2.9</b>	<b>-</b>
<b>APZ distributions</b>	<b>5.2</b>	<b>4.6</b>	<b>5.1</b>

<sup>1</sup> Relating to APPF investors

<sup>2</sup> Addbacks relate to depreciation, and additional fees payable to APZ, less stay in business capex

# STATUTORY PERFORMANCE

	1H FY16 \$m	CPS	1H FY15 \$m
<b>Operating profit</b>	<b>3.9</b>	<b>3.5</b>	<b>5.4</b>
Profit / (loss) from discontinued operations	(0.2)	(0.2)	2.1
Revaluation of Aspen Karratha Village	(10.0)	(8.8)	(12.0)
Fair value gain on deconsolidation of APPF	17.5	15.5	-
Transaction / acquisition costs	(3.2)	(2.8)	-
Other	(2.0)	(1.8)	(13.7) <sup>1</sup>
<b>Non-operating profit / (loss)</b>	<b>2.1</b>	<b>1.8</b>	<b>(23.6)</b>
<b>Statutory profit / (loss) before tax</b>	<b>6.0</b>	<b>5.3</b>	<b>(18.2)</b>
Tax benefit	-	-	-
<b>Statutory profit / (loss) after tax</b>	<b>6.0</b>	<b>5.3</b>	<b>(18.2)</b>
NCI allocation	(0.4)	(0.4)	3.6
<b>Statutory profit / (loss) after tax attributable to APZ</b>	<b>5.6</b>	<b>4.9</b>	<b>(14.6)</b>

<sup>1</sup> (9.4) relates to parks / resorts carrying value movements



# BALANCE SHEET

	31-Dec-15 (proforma) \$m	31-Dec-15 \$m	30-Jun-15 \$m
Cash <sup>1</sup>	61.3	6.4	23.3
Spearwood South	29.0	29.0	28.3
Aspen Karratha Village	12.0	12.0	22.0
Accommodation property <sup>2</sup>	39.5	37.7	199.7
Equity investment in APPF <sup>3</sup>	-	46.3	-
Assets held for sale / other <sup>4</sup>	12.7	27.2	89.1
<b>Total assets</b>	<b>154.5</b>	<b>158.5</b>	<b>362.4</b>
Borrowings <sup>5</sup>	-	5.7	141.9
Subsidiary liabilities held for sale	-	-	0.6
Other <sup>6</sup>	6.1	11.3	23.9
<b>Total liabilities</b>	<b>6.1</b>	<b>17.0</b>	<b>166.4</b>
<b>Net assets</b>	<b>148.4</b>	<b>141.6</b>	<b>196.1</b>
Non-controlling interests	-	-	(55.3)
Unrecognised property value (e.g. goodwill / payment for management fees) <sup>7</sup>	-	6.8	1.7
<b>Net assets attributed to Aspen Group</b>	<b>148.4</b>	<b>148.4</b>	<b>142.5</b>
<b>NAV per share</b>	<b>1.31</b>	<b>1.31</b>	<b>1.26</b>
<b>Gearing</b>	<b>n/a</b>	<b>n/a</b>	<b>35.1%</b>

1 Includes \$5.0 million for sale of APPF management fees, and \$60.9 million due from sale of APPF, after payback of \$5.7 million in debt, plus \$5.2 million payment of 1H FY16 distribution

2 Includes \$1.8 million in unrecognised acquisition costs included in NAV

3 Moved to cash after completion of sale

4 31-Dec-15 includes \$14.6 million of APPF held for sale, moved to cash

5 Paid off debt with earnings from sale of APPF

6 Removal of 1H FY16 distribution of \$5.2 million

7 Includes unrecognised acquisition costs and payment for sale of APPF management rights, moved to cash

# APZ OPERATING EARNINGS DECONSOLIDATED

APPF deconsolidated and reflected as equity accounted investment

	1HFY16		1HFY15
	\$m	CPS	\$m
<b>Profit from operations</b>			
Accommodation			
- AKV	2.2	1.9	2.8
- Residential / short stay	1.3	1.2	-
- APPF management fees / equity	2.0	1.8	1.2
Non-core / other	1.6	1.4	7.3
<b>Total income</b>	<b>7.1</b>	<b>6.3</b>	<b>11.3</b>
Operating / admin. expenses (incl. depreciation)	(4.0)	(3.5)	(5.8)
Financial expenses	(0.4)	(0.4)	(0.3)
<b>Operating profit before tax</b>	<b>2.7</b>	<b>2.4</b>	<b>5.2</b>
Income tax expense	-	-	-
<b>Operating profit after tax</b>	<b>2.7</b>	<b>2.4</b>	<b>5.2</b>
add-backs <sup>1</sup>	0.6	0.5	-
<b>Distributable / cash earnings</b>	<b>3.3</b>	<b>2.9</b>	<b>-</b>
<b>APZ distributions</b>	<b>5.2</b>	<b>4.6</b>	<b>5.1</b>

<sup>1</sup> Addbacks relate to depreciation and capital expenditure fees

## APZ PROFIT / LOSS DECONSOLIDATED

APPF deconsolidated and reflected as equity accounted investment

	1H FY16		1H FY15
	\$m	CPS	\$m
Accommodation / resource operating profit	3.5	3.1	0.4
Industrial operating profit	1.6	1.4	5.2
Development operating profit / (loss)	-	-	(0.1)
Other	(2.4)	(2.1)	(0.3)
<b>Operating profit</b>	<b>2.7</b>	<b>2.4</b>	<b>5.2</b>
Revaluation of Aspen Karratha Village	(9.6)	(8.5)	(12.0)
Loss from equity accounted investees	-	-	(1.4)
PPE fair value gain / (loss)	17.5	15.5	(1.2)
Relocation costs	0.1	0.1	(2.2)
Profit / (loss) – non-core assets held for sale	(0.2)	(0.2)	2.1
Other statutory amounts – split of transaction costs	(4.9)	(4.3)	(1.4)
<b>Non-operating profit / (loss)</b>	<b>2.9</b>	<b>2.5</b>	<b>(16.1)</b>
<b>Statutory profit / (loss) before tax</b>	<b>5.6</b>	<b>4.9</b>	<b>(10.9)</b>
Tax benefit	-	-	-
<b>Statutory profit / (loss) after tax</b>	<b>5.6</b>	<b>4.9</b>	<b>(10.9)</b>
NCI allocation	0.4	0.4	(0.5)
<b>Statutory profit / (loss) after tax attributable to Aspen Group</b>	<b>6.0</b>	<b>5.3</b>	<b>(11.4)</b>

# APZ BALANCE SHEET DECONSOLIDATED

APPF deconsolidated and reflected as equity accounted investment

	31-Dec-15 \$m	30-Jun-15 \$m
Cash	6.4	21.5
Accommodation assets	51.6	41.2
Spearwood / assets held for sale	37.1	74.3
Equity investment	60.9	45.1
Other	4.4	6.0
<b>Total assets</b>	<b>160.4</b>	<b>188.1</b>
Borrowings	5.7	35.1
Subsidiary liabilities held for sale	-	0.6
Other	11.3	9.9
<b>Total liabilities</b>	<b>17.0</b>	<b>45.6</b>
<b>Net assets (NAV)</b>	<b>143.4</b>	<b>142.5</b>
<b>NAV per share <sup>1</sup></b>	<b>1.27</b>	<b>1.26</b>
<b>Gearing</b>	-	8.4%
<b>Look through gearing</b>	-	22.5%

<sup>1</sup> Does not include APPF management fees payment (total of \$5.0 million)

# NON-CORE ASSETS



Property	Segment / Accommodation type	Carrying value Dec-15 \$m
Midland, Perth WA <sup>1</sup>	Industrial	2.5
Aspen Whitsunday Shores (AWSS), Bowen QLD	Englobo residential development site	3.7
Restricted cash <sup>2</sup>	-	1.5
Bonds <sup>3</sup>	-	0.3
<b>Total</b> <sup>2</sup>		<b>8.0</b>

<sup>1</sup> Conditionally sold

<sup>2</sup> Due June-16

<sup>3</sup> Refer to Financial Report page 8 for further detail

## TAX ASSET POSITION – 30 JUNE 2015

	Realised (current) (\$m) <sup>1</sup>	Unrealised (deferred) (\$m) <sup>2</sup>	Total tax assets (\$m)
Revenue	18.0	1.2	19.2
Capital	15.0	58.9	73.9
<b>Total</b>	<b>33.0</b>	<b>60.1</b>	<b>93.1</b>

<sup>1</sup> Realised (or current) tax losses are losses or deductions claimed within historic tax returns, and are carried forward to future years

<sup>2</sup> Unrealised (or deferred) losses pertain to losses which have not yet been claimed in tax returns, and which will be eligible for deduction in future financial years

- ❖ Realised tax losses can be carried forward indefinitely, and be used when Aspen chooses, provided that the following tests are met:
  - Continuity of ownership test. Under this test, Aspen cannot have a change in shareholders of more than 50% from when tax losses are realised. As Aspen is a listed company, only shareholdings of 10% or more are required to be traced.
  - Same business test. If the continuity of ownership test is not passed, then Aspen would need to pass this test. Under this test, Aspen must carry on the same business from the date that the continuity of ownership test was failed.

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