



# Aspen Group 2012 Annual General Meeting

Investor Presentation  
23 November 2012

# FY12 in review

## Overview

### Financial

- > Statutory loss of \$147 million for FY12
- > Operating profit after tax of \$28 million (down 20.9% on FY11)
- > NTA at 30 June 2012 of 41 cents per security (cps)
- > Underlying EPS of 4.66 cps
- > Distributions paid of 3.15 cps

### Operational

- > Property portfolio:
  - Income up 9.6% to \$26.5 million (on like-for-like basis)
  - ATO Building progressed significantly in FY12. Practical completion on 31 October 2012
- > Funds management:
  - Gross equity inflows into Aspen Parks up 82% to \$44.8 million
  - Residential settlements down 34% to 177 lots (FY11: 269 lots)

### Strategic

- > Launch of Strategic Review
  - Necessitated by underperforming residential and development assets
  - Focus on simplifying and repositioning the business
- > Aspen Diversified Property Fund unitholders approved orderly sale of assets

# Strategic Review

## Rationale and conclusions

### Rationale

- > Exposure to underperforming residential and development sectors resulted in:
  - Earnings risk
  - Reliance on funding
- > Need to simplify the business model
- > Requirement to reduce gearing
- > Address legacy issues such as investor put in Aspen Development Fund No.1

### Conclusions

- > Focus on core strengths:
  - Investment Property Portfolio
  - Aspen Parks Property Fund
- > De-risk the balance sheet
- > De-risk future earnings
- > Significant overhead reduction
- > Growth of Aspen Parks Property Fund
- > Use Core Assets to drive realisation of securityholder value

# Strategic Review



## Status report

### Completed

- > Settled \$101 million equity raising
- > Reduced senior debt facilities with NAB
- > Fully compliant with all debt covenants
- > Streamlined business into Core versus Non-Core assets
- > Divestment program of Non-Core assets commenced:
  - Secured approval of residential and development syndicates to start divestment
  - Sale of St Leonards Estate management rights and equity for \$7.5 million
  - Sale of \$5 million Currie Street investment units

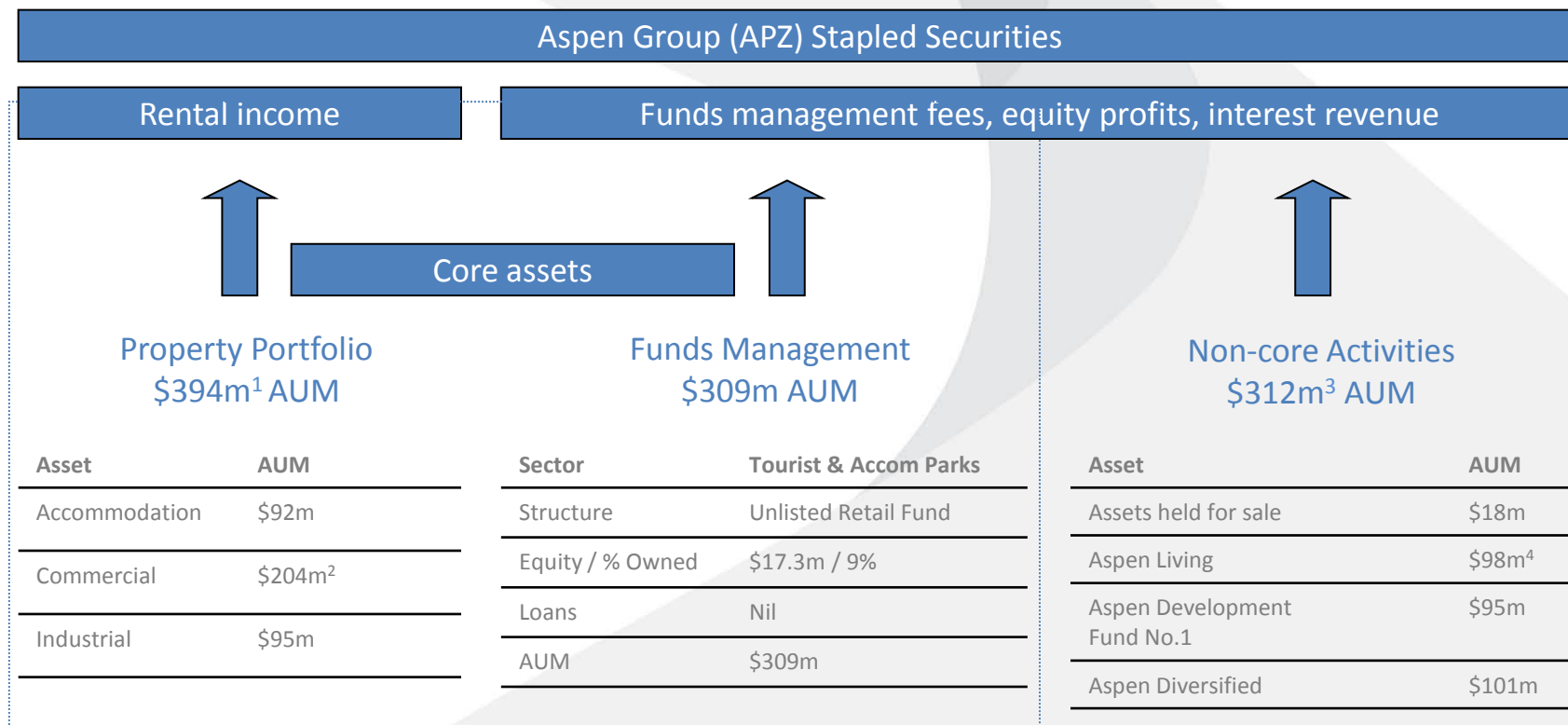
### In progress

- > Overhead reduction commenced
- > Active asset management programme to increase WALE and improve portfolio earnings
- > Documentation of credit approved five year debt facility for ATO Building joint venture underway
- > Aspen Parks Property Fund capital expenditure program underway

# Strategic Review

## Identification of Core versus Non-core

October 2012



1. Property Portfolio includes other investment property of \$2.9m.
2. Increase in commercial asset value from June 2012 relates to updated valuation on ATO Building of \$197.5m (Aspen's 50% share of \$98.8m) following completion.
3. Aspen Diversified Property Fund has been consolidated effective 31 October 2011 and Aspen Development Fund No.1 will be consolidated as a result of the exercise of the investor put, both entities are shown within funds management business as they are non-core.
4. Decrease in Aspen Living AUM relates to sale of the management rights to and equity interest in St Leonard's Estate

# Property Portfolio

Key Metrics	June 2012	June 2011
<b>Portfolio Total (\$m)</b> <small>(includes ATO Building WIP under construction)</small>	379	327
<b>Wtd. Ave Cap Rate (%)</b> <small>(excludes ATO)</small>	9.34	9.47
<b>Occupancy (%)</b> <small>(excludes ATO)</small>	97	92
<b>WALE (years)</b> <small>(pre ATO completion)</small>	1.98	2.33
<b>WALE <sup>1</sup> (years)</b> <small>(post ATO completion)</small>	4.23	2.33

<sup>1</sup> For the purposes of calculating the bank WLD covenant, the ATO Building is excluded.



ATO Building, Adelaide SA



# Property Portfolio

## FY12 achievements

- > 14.6% rental growth at Septimus Roe
- > Independent valuations up \$30.1 million on December 2011 (or 13.2%)
- > Market review at Aspen Karratha Village delivered 20% increase in room day rates
- > Secured tenant commitments from 30 June 2012 at Spearwood Industrial Estate for 190,000 sqm

## FY13 update

- > Completed construction of ATO Building, with lease to the Australian Tax Office for 15 years commencing 1 November 2012
- > Active asset management to extend lease expiry profile across the broader portfolio



# Funds Management – Aspen Parks

Key Metrics	FY 2012	FY 2011
<b>Equity Interest Held By Aspen</b>	10.3%	11.9%
<b>Funds Management Income</b>	\$6.0m	\$6.0m
<b>Share of assoc. profit/(loss)</b>	\$1.6m	\$3.0m

1. Since June 2012 Aspen's equity interest has been diluted to 9.1% as a result of further equity inflows into Aspen Parks Property Fund



Monkey Mia Dolphin Resort, Shark Bay WA



# Funds Management – Aspen Parks



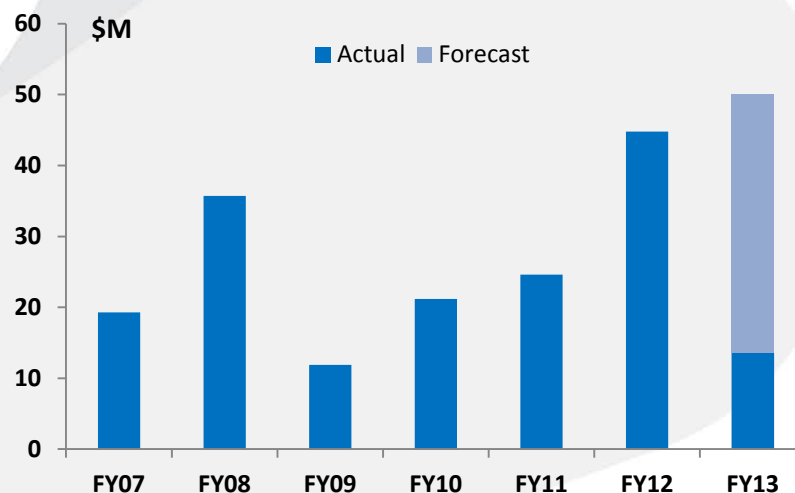
## FY12 achievements

- > Gross equity inflows in Aspen Parks up 82% on prior period (net inflows: +51%)
- > Strong trading performance driven by mining and tourist properties
- > Gearing reduced from 44.4% (June 2011) to 30.8% (June 2012) – significant capacity for investment growth
- > Annualised distribution rate increased to 10.9c (yield of 8.8%)

## FY13 update

- > Sale of underperforming assets (two sold)
- > Development program underway, with capex of \$10 million approved across three key properties
- > Gross equity inflows to end of October 2012 in line with prior corresponding period

Aspen Parks Gross Inflow FY07 – FY13 forecast



# Non Core Activities

## FY13 update

### **Residential**

- > Structured sales program commenced
- > Executed sale of interests in St Leonards Estate
- > Heads of Agreement reached for sale of interest in Whitsunday Shores Estate
- > Preliminary interest in other estates through EOI program

### **Aspen Development Fund No. 1**

- > \$20 million bank debt reduction achieved. Debt maturity extended to February 2014
- > Completed ATO development and addressing tenant lease tail exposure
- > Resolved Mariner JV exposure (\$11 million debt obligation to be extinguished)
- > Commenced asset sale program. Exchanged \$9 million of sales in FY13 to date

### **Aspen Diversified Property Fund**

- > Unitholders resolved to conduct orderly sale of assets and wind up Fund
- > Nunawading property sold for \$18 million
- > Ongoing sales activity across balance of portfolio

# FY13 Outlook and Guidance



## Outlook

- > 30% net rental growth under executed leases for FY13 (excluding ATO Building)
- > Non-Core asset divestment program on track
- > Reduced overheads through cost reduction programme
- > Growth of Aspen Parks portfolio through further acquisition & organic opportunities

## Guidance

- > Core Operating Earnings of 1.8 cents per security
- > Distributions of 1.5 cents per security



# 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.

