



# Aspen Group Credit Suisse Presentation

10 May 2012

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# Group Overview

- Forecast 10% like for like FY12 property portfolio net rental increase
- High growth revenue outlook from Property Portfolio for FY13
- Strong leasing enquiry at Spearwood Industrial Estate
- Significant increase in retail equity inflows experienced
- Aspen Parks Property Fund asset growth strategy progressing
- Strategic review of ATO building JV investment underway
- Sales of \$35m settling in May 2012 for Rocklea and Alcoa properties
- Board renewal complete

## Board Renewal - Non executive independent members



### **Frank Zipfinger - Chairman** *(appointed January 2011)*

- Former Partner of Mallesons Stephen Jaques specialising in property
- Chairman of Mallesons from 2005 to 2009 and Partner for 27 years



### **Terry Budge - Non Executive Director** *(appointed May 2005)*

- Over 35 years experience in banking industry with NAB and Bankwest
- Managing Director Of Bankwest from 1997 to 2004



### **Hugh Martin - Non Executive Director** *(appointed 30 April 2012)*

- Former Executive Director of Lend Lease Development
- CEO of Mirvac and Lend Lease JV from 1997 to 2001
- Extensive property experience with major property and construction organisations including Baulderstone, Stockland and Dexus



### **Clive Appleton - Non Executive Director** *(appointed 30 April 2012)*

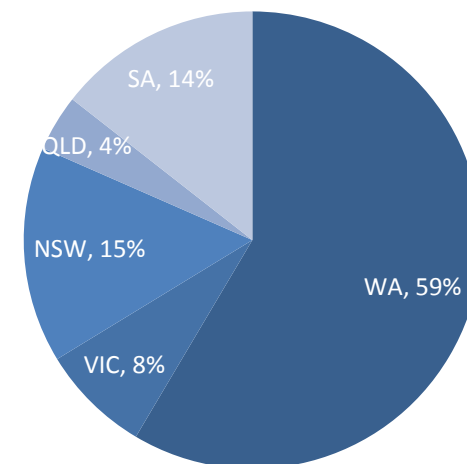
- Former Managing Director of the Gandel Group
- Executive Director for APN Property Group Private Funds Division
- Extensive retail property and funds experience including role of Managing Director of Centro Properties Limited from 1990 to 1997



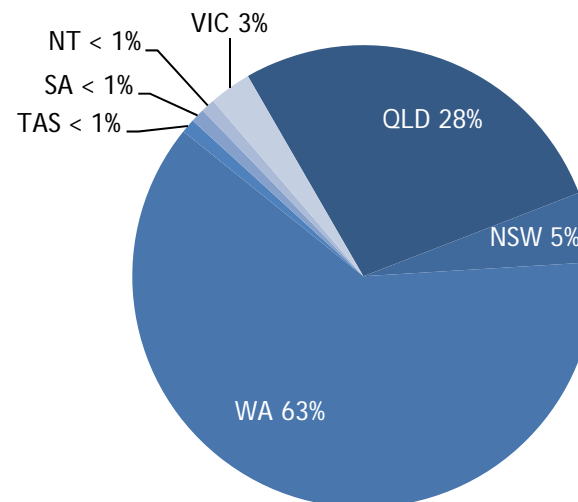
# Aspen Business Environment

- ▶ Aspen has significant exposure to WA economy:
  - WA economy produces 46% of Australia's exports - mainly minerals and energy resources <sup>1</sup>
  - Significant investment in WA resource projects and infrastructure. As at Dec 2011, over A\$180b is committed to new WA projects <sup>1</sup>
  - Forecast creation of 50,000 construction jobs and 15,000 permanent jobs in WA from resource activity <sup>1</sup>
  - Perth CBD office vacancy currently 2% (lowest since 2008) <sup>3</sup>

Aspen Group AUM - Geographical Diversification by state

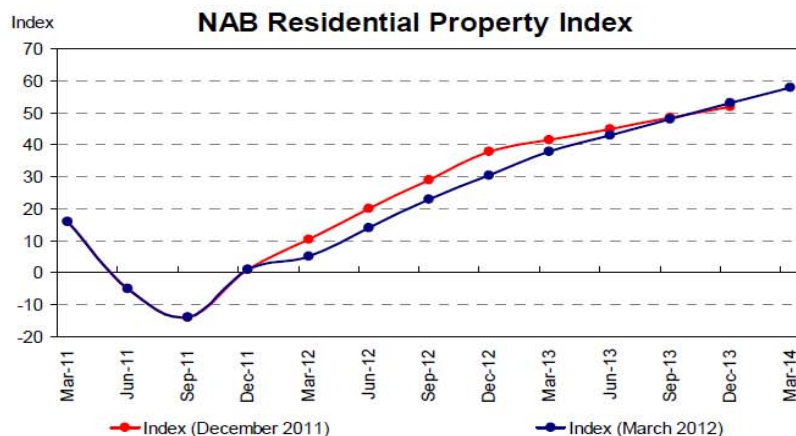


Value of advanced resource projects by state (2011) \$A174b <sup>2</sup>



<sup>1</sup> source: WA Dept of State Development    <sup>3</sup> Source JLL March 2012 Qtr  
<sup>2</sup> source: ABARES

- ▶ Improving funds management metrics:
  - Investor confidence slowly returning in quality unlisted property funds
  - Lower fixed deposit interest rate environment
  - Growth in SMSF sector and reallocation of cash holdings
  - Increasing demand for high yield products
  
- ▶ Lower interest rate environment expected to impact:
  - Reduced debt costs
  - Stimulate sluggish land sales environment
  - Foster improved residential expectations for WA, with some growth in NSW, improvement in Qld



## Capital Management

- ▶ Capital management remains a focus
- ▶ Portfolio sales to reduce debt by \$22m in May 2012 and increase facility capacity by \$10m
- ▶ Refinancing for investment term debt for ATO Building is well progressed - option of 5 year term with Telstra Super remains
- ▶ Some limited support to certain syndicates to progress development, including interest capitalisation
- ▶ Sell down of non-core assets in focus
- ▶ Facility maturities - approximately 10% of total debt maturing within 12 months, principally Fern Bay

Key Metrics	April 2012
NTA <sup>1</sup>	67.9 cps
EPS (FY12)	6.43 cps
Distribution FY12	4.20 cps
Gearing <sup>2</sup>	34.2%
Debt maturity (core debt)	Feb 2014
W. Ave cost debt (core debt)	8.61%
Hedging %	87%

1. excludes non dilutive employee shares
2. Post settlement of Alcoa building

# PROPERTY PORTFOLIO



## Investment Property Overview

- ▶ Asset sales concluded:
  - Settled sale of Alcoa Building May 2012
  - Settlement of Rocklea premises expected mid May 2012 for \$7.35m
- ▶ Septimus Roe Building - secured tenants at new benchmark net rent - 23% above average passing
- ▶ Aspen Karratha Village - market review under way
- ▶ ATO Building development on track for October 2012 completion
- ▶ Portfolio occupancy 97%

## Outlook

- ▶ Portfolio to benefit from overweight position in buoyant WA market
- ▶ Expected uplift on ATO Building upon completion
- ▶ Office vacancy in Perth currently at 2% <sup>1</sup>
- ▶ Strong reversionary rent potential in Aspen portfolio - assisted by short WALE

## Spearwood Industrial Estate

- ▶ Entire complex sub-leased to AWH expiring June 2012
- ▶ Strong rental upside on cessation of lease
- ▶ Leasing campaign showing strong demand
- ▶ Warehouse GLA 99k sqm
- ▶ Hardstand GLA 100k sqm
- ▶ Shortage of industrial land and warehousing in WA
- ▶ Strong demand from resource sector

Key Metrics	GLA (sqm)	Passing rent \$m	Market rent \$m
Spearwood Industrial	199,693	4.70	7.74



Spearwood Industrial Estate, Spearwood WA



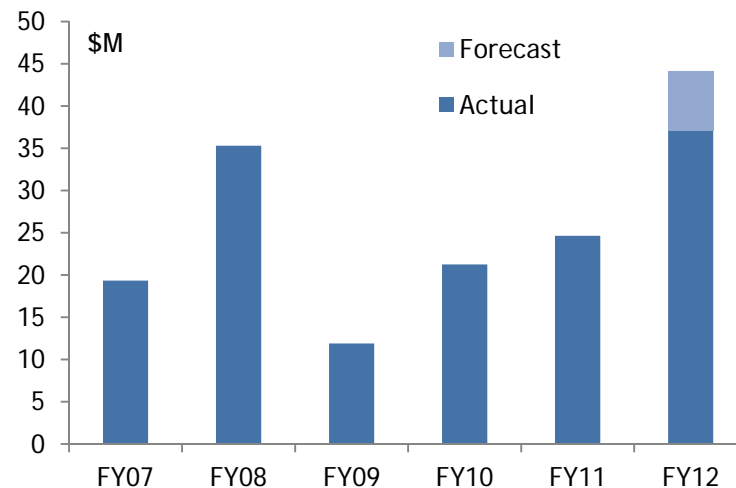
## Overview

- ▶ Strong retail equity inflows - up 82% on pcp
- ▶ Strategic focus on building new investor networks across institutional, high net worth and advisor segments for existing and planned fund products
- ▶ Continued diversified support from advisers through major platforms

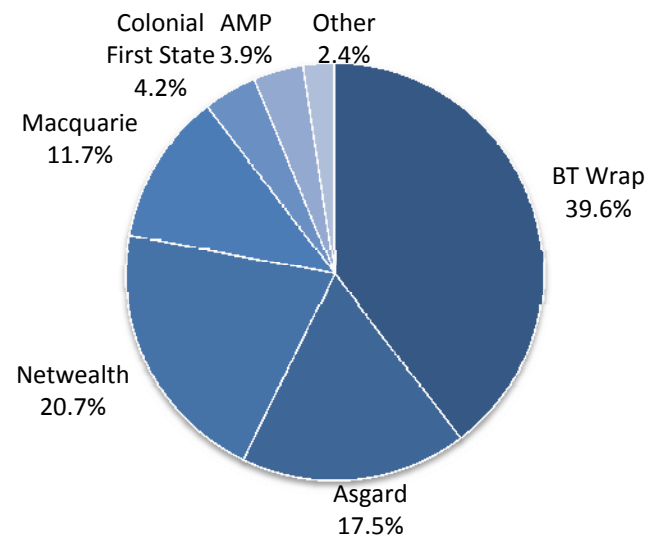
## Outlook

- ▶ Recent interest rate cuts likely to favour unlisted property sector
- ▶ Strong growth from Aspen Parks
- ▶ New fund offerings being assessed on back of strong distribution network

Aspen Parks equity inflows to April 2012 and Forecast FY12



Aspen Parks Wholesale Fund - Platform Supporters



Aspen Group - May 2012

## Aspen Parks Property Fund

### Overview

- ▶ FY12 trading performance on track
- ▶ Major growth in revenue driven by mining properties
- ▶ FY12 distribution payout ratio of 82%
- ▶ Gearing reduced to 34.4% (June 2011: 44.4%)

### Outlook

- ▶ Strong equity inflows support asset growth going forward
- ▶ Actively pursuing strategic acquisitions to complement portfolio diversification
- ▶ Progress planning and development opportunities within portfolio



## Aspen Diversified Property Fund

### Overview

- ▶ FY12 performance to date in line with forecast
- ▶ Property fundamentals improved however secondary asset markets remain soft

Key Metrics	April 2012	Dec 2011
Weighted Ave Cap Rate (%)	9.18%	9.18%
Occupancy (%)	96%	96%
WALE (years)	5.39	5.47

### Outlook

- ▶ Portfolio occupancy of 96% provides for select asset sales
- ▶ Gearing to be reduced through asset sales
- ▶ Unitholders meeting in 2012 to consider Fund strategy



72-96 Station St, Nunawading, VIC

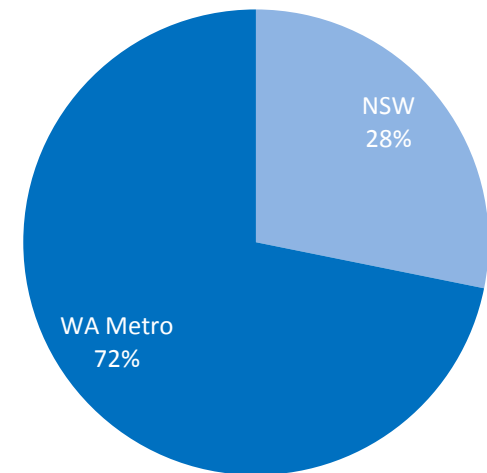
## Aspen Living

### Overview

- ▶ Market conditions remain inconsistent, especially in eastern states and regional markets
- ▶ Perth north east corridor sales in line with expectations
- ▶ Settlements impacted by inventory lag and clearance delays
- ▶ Housing sector finance remains tight leading to higher than average cancellation rates in some markets
- ▶ Current lot production bias towards WA assets
- ▶ First large scale display village secured at Dunsborough Lakes



Aspen Living - current lot production by state



## Aspen Living Outlook

Region	Estate	Lots remaining	Outlook
North Queensland		800	Activity has been flat although there are signs investor activity is increasing. Pressure remains on price as stock becomes aged.
Newcastle, NSW		760	Enquiry levels and sales conversion subdued, however interest rate cuts and maturing further stages likely to create more sales.
Perth Metro		180	Demand has remained strong for well located assets. Evidence of moderate price growth in north east corridor.
		700	
South West WA		1,070	Sales enquiry and conversion remains low. Activity only occurring in lower end of the market - sub \$400k house and land. Pressure remains on price as stock becomes aged.

## ADF No. 1 Overview

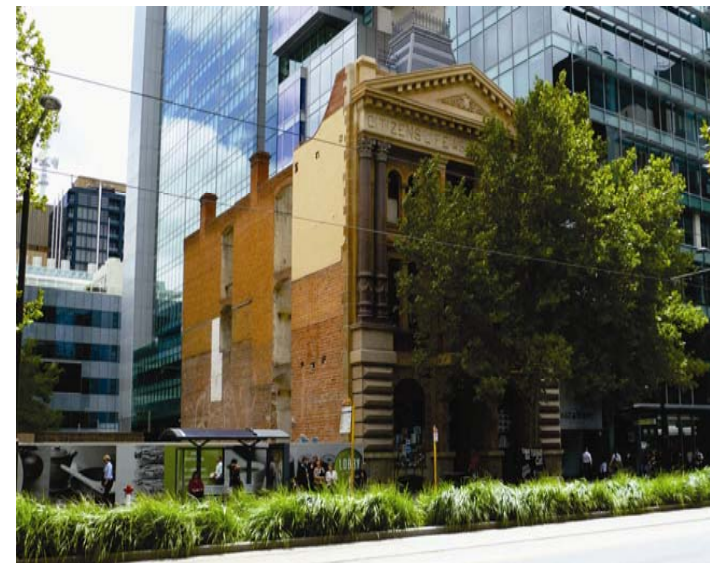
- ▶ ATO Building works now 86% complete
- ▶ Capital management challenges impacting on asset delivery strategy - development support being provided by Group
- ▶ Mariner Apartments in Geraldton occupancy in position to be sold down (90% occupancy)
- ▶ Norwest medical suites selling down with renewed enquiry
- ▶ Byford residential patchy with modest result expected

## Outlook

- ▶ Expectation of moving to 75% ownership of ADF in November 2012
- ▶ Progress office / entertainment precinct planning in Adelaide
- ▶ Planning approvals on land bank being progressed
- ▶ Successful appeal on Norwest car park expected to deliver uplift in value. Realisation of suites and car park circa \$12.5m



ATO Building under construction, Adelaide



Electra House redevelopment site, Adelaide



# Outlook and Summary

- Capitalise on current strategic positioning of WA weighting to drive rental and asset value growth
- Look to continue growth of our retail funds management business to be a market leader in this area
- Development of new fund opportunities, both retail and wholesale investors
- Remain active in capital management initiatives to relieve funding constraints
- Interest rate environment provides scope for further recovery in development fund areas and funds management growth

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