

A person with long hair, wearing a red and white patterned cap, a plaid shirt, and orange shorts, stands on a sandy beach looking out at the ocean. The waves are breaking in the distance under a clear blue sky. The person's shadow is cast on the sand to their right.

ASPEN GROUP LIMITED

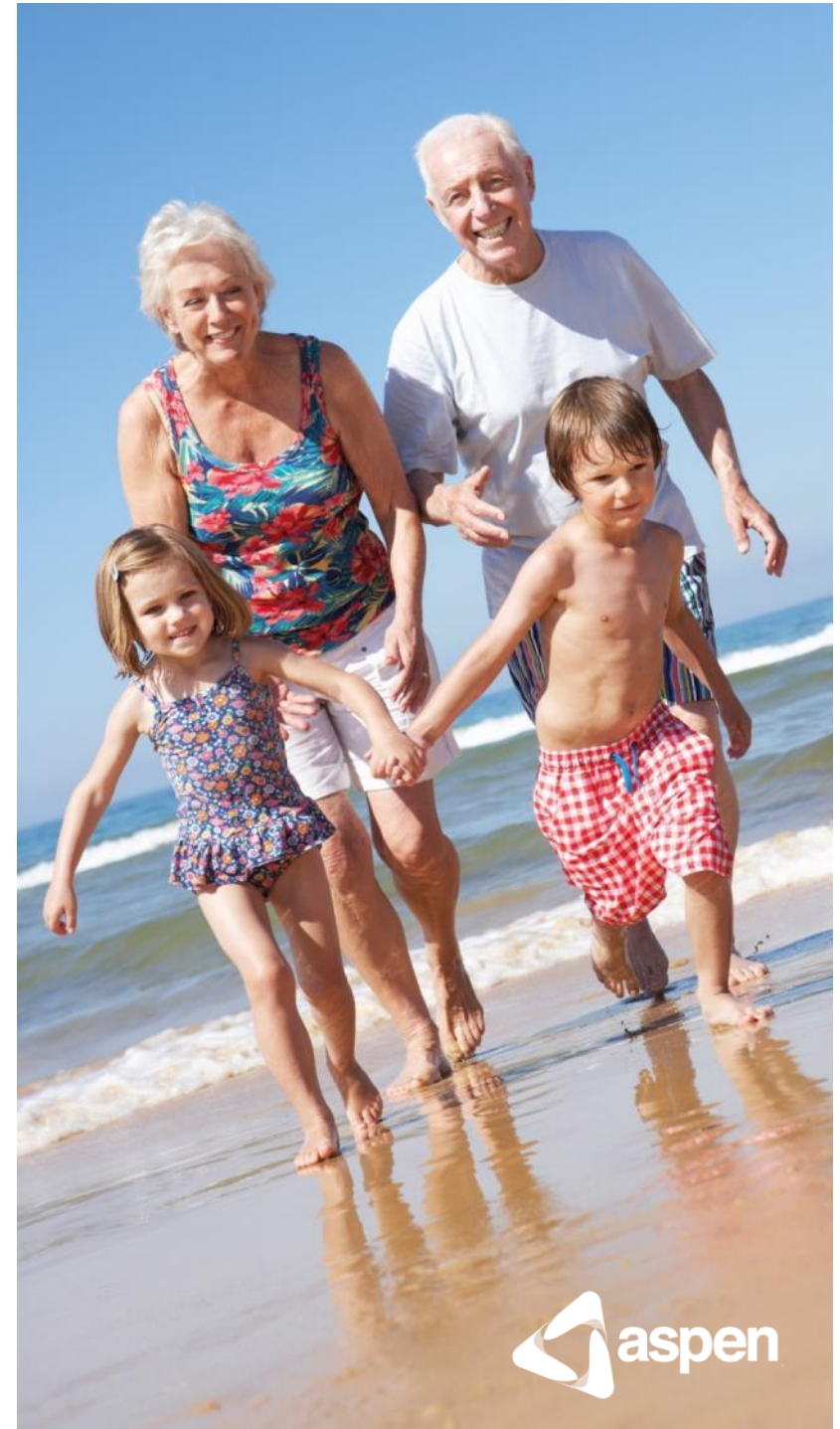
Results Presentation 1H FY18

23 February 2018



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1H FY18 Highlights



Core assets revenue and earnings growth continues through acquisitions program

PORTFOLIO



NAV increase

- NAV increase of 1.0 cps (pre 5.0 cps special capital distribution) despite acquisition cost impact of 2.1 cps
- 47% Core assets growth achieved
- Koala Shores Holiday Park, NSW and Darwin FreeSpirit Resort, NT acquisitions settled during the period. Respective considerations \$10.2m and \$19.5m
- 4 independent revaluations undertaken for assets resulting in a \$4.7m uplift in value across the portfolio
- Successful divestment of \$34m of assets held for sale
- Pre-sales activity and pre-development works both underway at Four Lanterns Estate

FINANCIALS



Core assets earnings growth

- Core accommodation asset revenue growth \$2.3m (32%) and operating earnings growth \$0.6m (23%) in line with acquisitions
- Decline in non-core earnings of \$0.7m in line with divestment of Spearwood South industrial property

CAPITAL MANAGEMENT



Zero debt balance sheet

- Finance facility in place (June 2020 expiry)
- Security buy-back activity continued with a further 958k of stapled securities being bought back for a consideration of \$1.0m
- Special capital distribution of 5.0 cps following successful divestment of Spearwood South industrial property



2

Financial Results



Key performance metrics

2.1

Performance reflects group transition through acquisitions program

Operating Performance	1H FY18 \$m	1H FY17 \$m	Change %
Statutory profit / (loss)	(0.9)	0.5	(280%)
Profit from operations			
Accommodation	4.4	3.4	29%
Non-core	0.8	1.6	(50%)
Total gross profit	5.2	5.0	4%
Operating expenses	(2.6)	(2.5)	4%
Earnings before interest, tax and depreciation (EBITDA)	2.6	2.5	4%
Depreciation and amortisation	(0.7)	(0.5)	40%
Net Financial income / (expense)	(0.1)	0.5	(120%)
Operating profit before tax	1.8	2.5	(28%)
Income tax expense	-	-	-
Operating profit after tax	1.8	2.5	(28%)

Distribution	1H FY18 \$m	CPS
Operating profit after tax	1.8	1.8
Add: Property depreciation	0.7	0.6
Operating cash earnings	2.5	2.4
Distribution		2.1
Payout Ratio		88%

Statutory Loss

- Current year impacted by
 - Investment driven acquisition and transaction costs \$2.1 million
 - Legacy assets liabilities, provisions and expenses \$0.5 million

Profit from operations

- Contribution increase of \$1.0 million from acquisitions in the portfolio offset by non-core revenue decline of \$0.8 million following Spearwood South divestment
- Result includes onboarding expenses of \$0.13 million

Operating earnings

- \$0.7 million – decrease primarily due to reduced contribution following Spearwood sale in September 17
- Counter cyclical asset Darwin FreeSpirit Resort, acquired in its low season, expected to contribute strongly in its peak season (June to September)

Distribution

- 2.1 cps in line with comparative period

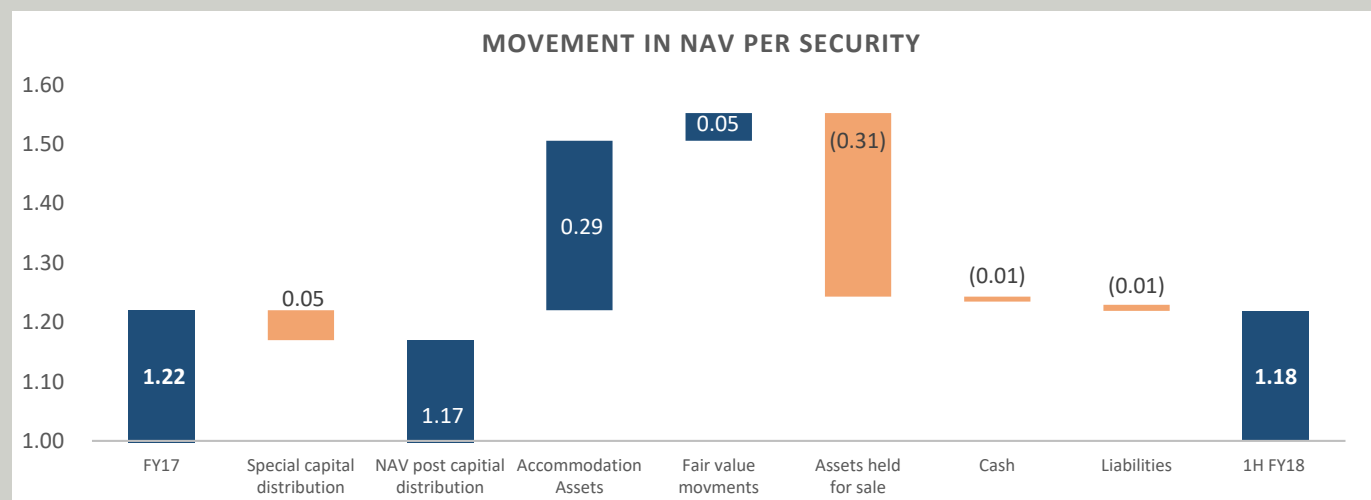


Reconciliation of statutory profit to operating earnings

2.2

	1H FY18 \$m	1H FY17 \$m
Statutory profit / (loss) after tax	(0.9)	0.5
Tax benefit	-	-
Statutory profit / (loss) before tax	(0.9)	0.5
Change in fair value of PPE through profit and loss	(0.1)	0.9
Finance costs	0.1	0.1
Transaction and acquisition costs	2.1	0.7
Other expenses	0.4	(0.4)
Loss from discontinued operations	0.2	0.7
Operating earnings	1.8	2.5

Balance Sheet	December 17 \$m	June 17 \$m	Change \$m
Accommodation assets ¹	104.7	71.2	33.5
Assets held for sale	4.3	35.5	(31.2)
Cash	16.8	22.7	(5.9)
Debt	-	-	-
Gearing %	-	-	-
NAV	119.3	124.6	(5.3)
NAV \$ per security	1.18	1.22	(0.04)



Accommodation assets

- Two acquisitions (Koala Shores and Darwin FreeSpirit Resort) settled for a total of \$29.7 million.

Cash

- Cash utilisation of \$5.9 million in 1H FY18
 - Distributions paid - \$2.5 million
 - Capital returns - \$5.1 million
 - Share buyback - \$1.0 million

Offset by

- Operating cash flows - \$3.0 million

NAV

- NAV increase of \$0.01 to \$1.18 per security pre special capital distribution
- Increase primarily attributed to
 - Fair value increase in accommodation assets \$4.7 million - \$0.05 per security

Offset by

- Acquisition and due diligence costs written off \$0.02 per security
- Ordinary distributions \$0.02 per security
- Special capital distribution \$0.05 per security



1. Includes \$0.250 million (FY17 \$1 million) in unrecognised non – statutory adjustments



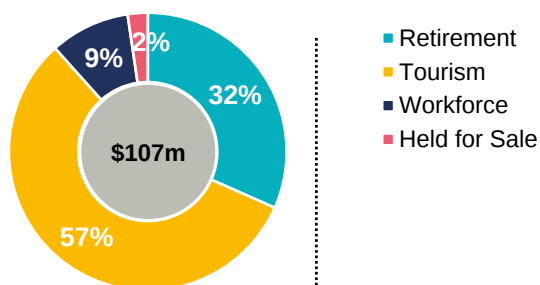
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Portfolio and Acquisitions Update

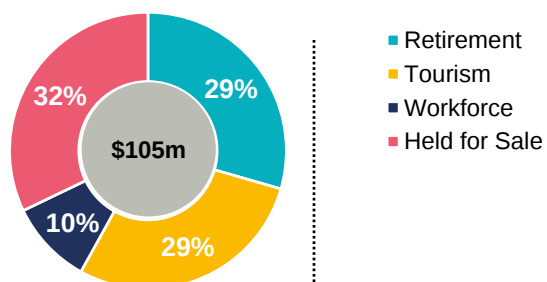


47% growth in core assets achieved through tourism park acquisitions

31 December 2017	\$m	%
Core		
Retirement	33.5	31%
Tourism	60.9	57%
Workforce Accom.	10.3	10%
	104.7	98%
Non-core		
Held for Sale	2.5	2%
	2.5	2%
Total Property	107.2	100%



30 June 2017	\$m	%
Core		
Retirement	30.9	29%
Tourism	30.0	29%
Workforce Accom.	10.3	10%
	71.2	68%
Non-core		
Held for Sale	33.7	32%
	33.7	32%
Total Property	104.9	100%



- Two high quality acquisitions settled and operations assumed in 1H FY18
 - Koala Shores \$10.2 million
 - Darwin FreeSpirit Resort \$19.5 million
- 4 independent revaluations undertaken:
 - Adelaide Caravan Park
 - Tomago Van Village
 - Mandurah Gardens Estate
 - Aspen Karratha Village
- \$4.7m uplift in value was recognised across the portfolio.
- Notable firming in cap rates within revaluations approximately 75-100bps for the tourism/retirement assets
- 2 Non-core assets sold ~ \$32 million
- 1 Remaining non-core asset contracted for sale conditional upon final DA approval which is nearing completion
- Inventory recycled during the period

Inventory	1H FY18
Settlements	1 home
Commission based sales	3 homes
Pending development / refurbishment	2 homes

Acquisition: Darwin FreeSpirit Resort

3.2

Aspen's largest addition to date to its tourism portfolio

Location

17km east of Darwin NT and located on Stuart Highway. Gateway to Kakadu and Litchfield National Parks

Close proximity to new Palmerston regional hospital (opening 2018)

Facilities

Full tourist park with a fully licensed food and beverage operation

3 resort pools, BBQ and picnic areas, jumping cushion, conference and events facilities

Inventory

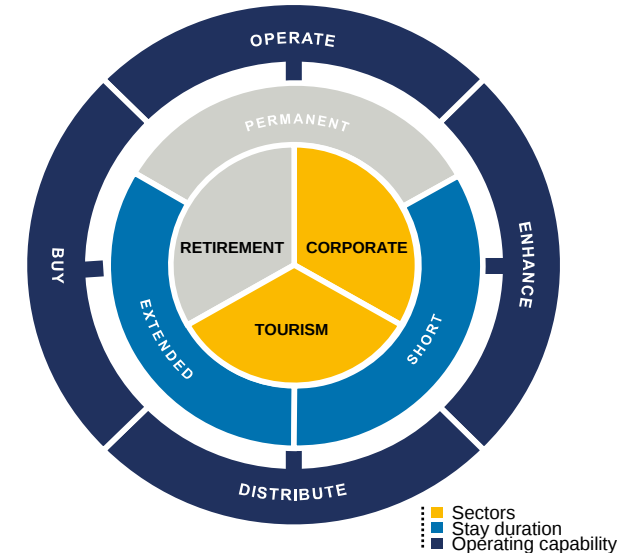
430 high quality sites; Cabins 149
Campervan/Camping 281

Opportunity

Earnings growth potential through

- expanded F&B operation catering to guests, locals and events
- continued development of business partnering and guest relationships

Reviewing the feasibility of using 10 gaming machine licenses onsite (included in the purchase price)



Purchase date	State	Purchase price (\$m)	Yield	Sites	Value per site (\$k)	Area (ha)	Value per ha (\$m)	Land tenure
Dec-17	NT	19.5	10.0%	430	45.0	10.8	1.8	Freehold



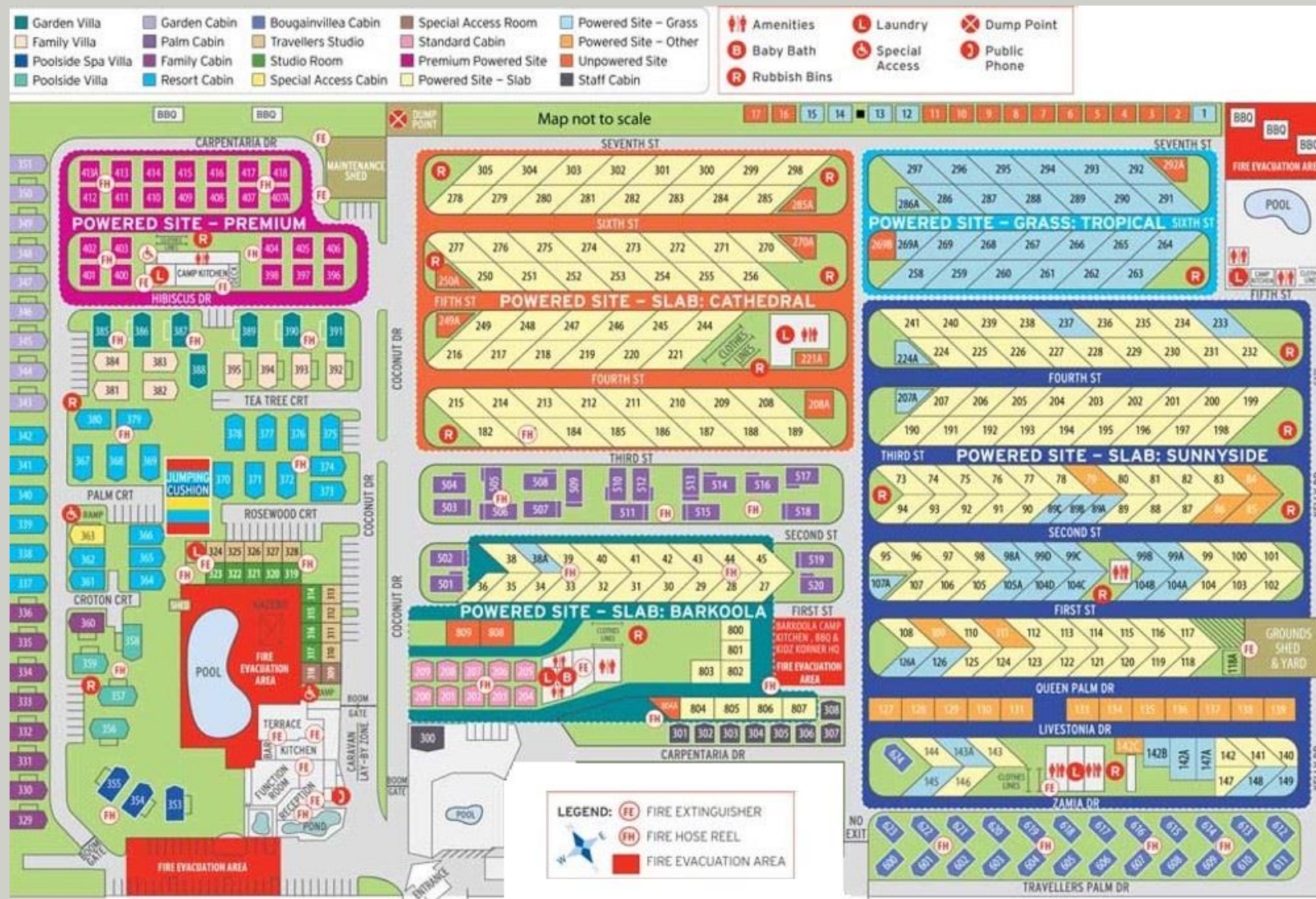
Recent comparable transactions

Property	Purchase date	State	Purchase price (\$m)	Yield	Sites	Value per site (\$k)	Area (ha)	Value per ha (\$m)
Emerald Beach Holiday Park	Nov-15	NSW	12.5	7.7%	125	100.0	4.3	2.9
Cairns Coconut Holiday Resort	Feb-17	QLD	50	8.5%	372	134.0	13.0	3.8
Big4 Bonny Hills Caravan Park	May-17	NSW	13.5	9.0%	90	150.0	3.4	4.0

Acquisition: Darwin FreeSpirit Resort

3.3

Park map



Acquisition: BIG4 Koala Shores Holiday Park

3.4

Central Coast, NSW (2hrs North of Sydney)

Location

45km from Newcastle, 25km from Tomago Van Village – establishes NSW Central Coast cluster. 15 minutes from Newcastle airport

Facilities

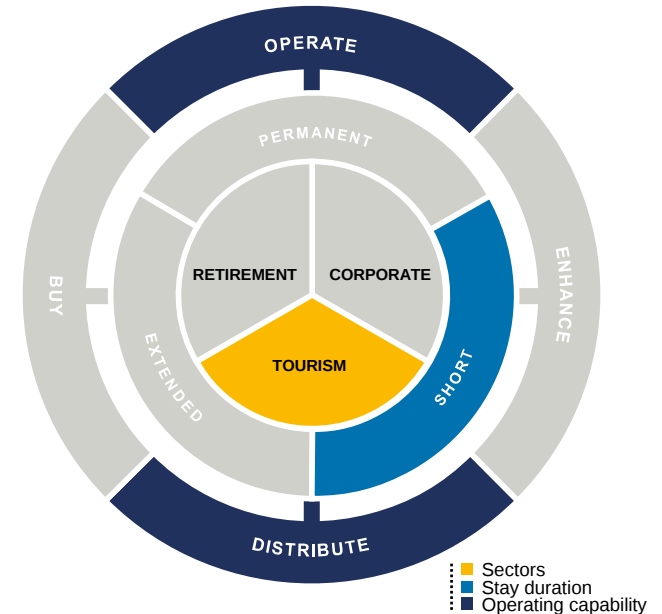
Full tourist park, water frontage, newly renovated cabins and excellent park presentation

Inventory

108 sites including
35 cabins

Opportunity

Earnings growth potential via leveraging of group distribution capability and clustering with Tomago Van Village

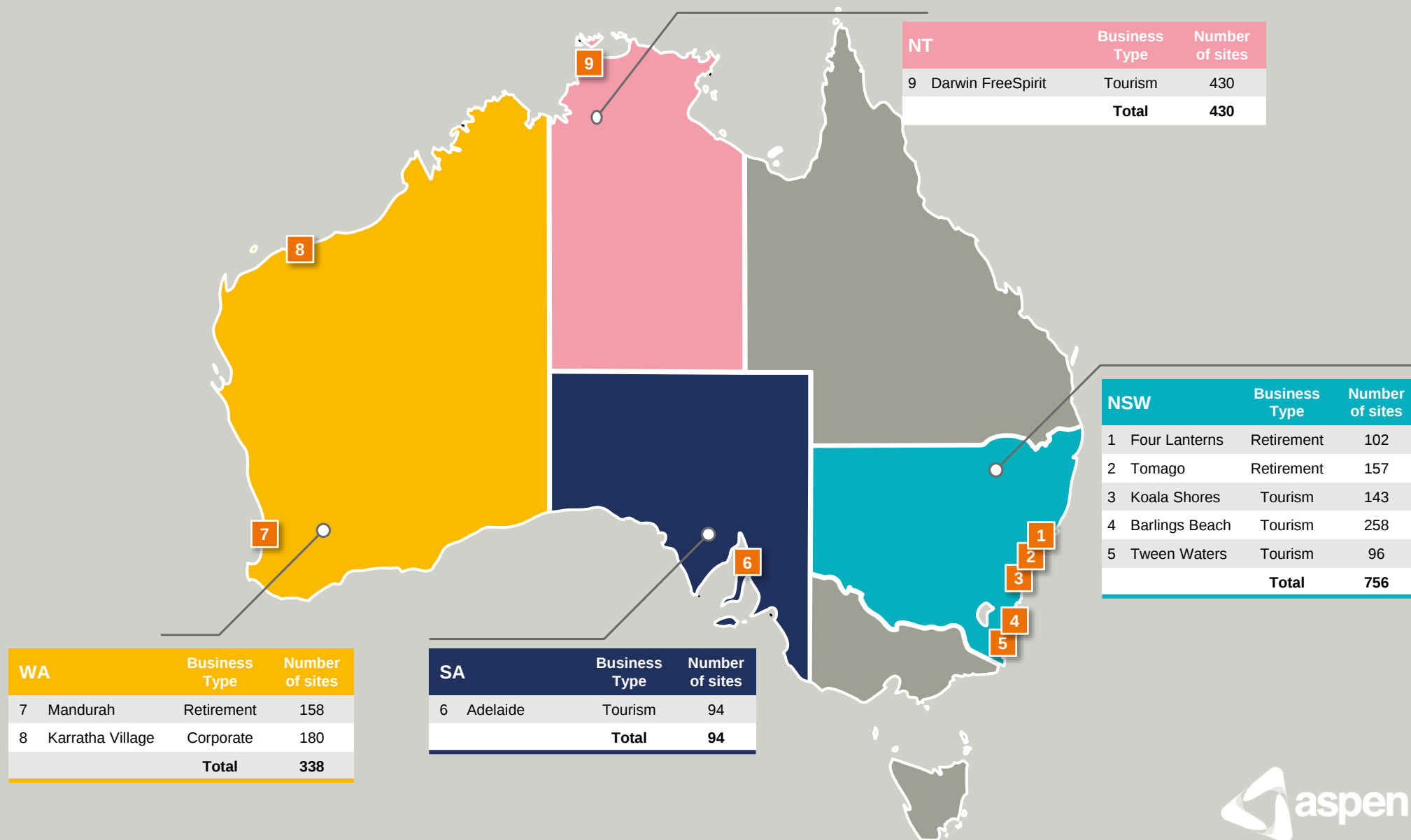


Purchase date	State	Purchase price (\$m)	Ingoing yield (excl. acq. costs)	Sites	Value per site (\$m)	Area (ha)	Value per ha (\$m)	Land tenure
Sep-17	NSW	10.2	9.50%	143	71.0	6.5	1.6	Freehold/Leasehold



Recent comparable transactions

Property	Purchase date	State	Purchase price (\$m)	Yield	Sites	Value per site (\$k)	Area (ha)	Value per ha (\$m)
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Accommodation portfolio

3.6

	RETIREMENT				TOURISM						CORPORATE		TOTAL
	Four Lanterns Estate	Tomago Village Van Park ³	Mandurah Gardens Estate	Total	BIG4 Tween Waters	Barlings Beach Holiday Park	BIG4 Koala Shores ⁷	Adelaide Caravan Park	Darwin FreeSpirit Resort	Total	Aspen Karratha Village	Total	
State	NSW	NSW	WA	-	NSW	NSW	NSW	SA	NT	-	WA	-	-
Carrying value⁴ (\$m)	9.3	13	11.3	33.6	7	13.3	10.2	10.8	19.5	60.8	10.3	10.3	104.7
Land tenure	Freehold	Freehold	Freehold	-	Freehold	Freehold	Freehold/ Leasehold	Freehold ⁶	Freehold	-	Freehold	-	-
Area (ha)	3.9	13.9	6.8	24.6	1.9	8.8	6.5	1.5	10.8	29.5	2.9	2.9	57
Value per ha (\$m)	2.4	0.9	1.7	1.4	3.7	1.5	1.6	7.2	1.8	2.1	3.6	3.6	1.8
Inventory													
Permanents / Extended	102	106	158	366	-	197	-	-	-	197	-	-	563
Short cabins¹	-	37	-	70	31	32	35	45	155	297	180	180	547
Short sites²	-	14	-	14	65	29	108	49	275	527	-	-	541
Total	102	157	158	417	96	258	143	94	430	1021	180	180	1618
DA approved	28	53	-	81	-	-	-	-	-	-	-	-	81
Pre-DA	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	28	53	-	81	-	-	-	-	-	-	-	-	81
Total potential sites	130	190⁵	158	498	96	258	143	94	430	1021	180	180	1699
Revenue⁸ contribution %													
Permanents / Extended	100%	71%	100%		-	63%	-	-	-		100%		
Short stay	-	30%	-		100%	37%	100%	100%	100%		-		
Weighted average cap-rate		8.4%					9.1%				16.0%		9.5%

1. Cabins used for short-stay, annual or corporate accommodation

2. Sites used for caravans or designated camping

3. Assumes future conversion from mixed use to predominately retirement

4. Includes value attributed to non-income earning components (e.g.) VED and DA's

5. Total sites net off consolidation of pre-existing lots

6. In-place zoning for medium density residential

7. Includes group lodge accommodating ~12 guests

8. Information sourced from the revenue management system



Four Lanterns Estate

Development

- Development underway
- Development approved for 28 new homes
- Agreement reached with a manufactured home provider
- Construction commencement has been delayed pending approval of civil works and a new sewer connection

Yield, staging and timeframes

- Major works comprise decommissioning of the existing private sewer plant, connection to a new Sydney Water sewer main, construction of new roads and reticulation of all services for the 28 new lots including installation of an electrical substation and new main switchboard
- Construction commencement is expected to commence in Q3FY18
- First homes to arrive on site Q4FY18
- Anticipated sell out Q2FY19



Four Lanterns – Actual lifestyle home facades

Tomago Village Van Park

Development

- Development approval granted for 53 new homes, which will allow for progressive development and after consolidations (generally short stay), will provide for a net increase of circa 34 homes by the end of 2020 and shift park revenue composition to predominately permanent residents

Staging and Timeframes

- Development under review in light of recent independent valuation. Financial feasibility under consideration in light of underlying property value which may impact hold and develop versus sell option



4

Outlook



- Group continues to expand its portfolio with acquisition funding underpinned by debt facility
- Operating earnings from accommodation asset growth expected to replace non-core earnings divested
- 2H FY18 distribution expected in a range of 2.1 - 2.3 cents per security excluding income generated by further acquisitions and development activity



BIG4 Tween Waters Merimbula



Barlings Beach Holiday Park



BIG4 Koala Shores Holiday Park



5

Appendices



Balance sheet	December 17 \$m	June 17 \$m
Cash	16.8	22.7
Property Assets ¹	104.7	71.2
Assets held for sale / other assets	8.4	40.2
Total Assets	129.9	134.1
Debt	-	-
Other	10.6	9.5
Total Liabilities	10.6	9.5
Net Assets	119.3	124.6
Net Assets attributed to Aspen Group	119.3	124.6
NAV per share	1.18	1.22
Gearing %	-	-

1. Includes \$0.250 million (FY17 \$1 million) in unrecognised non – statutory adjustments

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