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Aspen Group

FY20 Investor Update

21 August 2020



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1

FY20 Financial Highlights and Results



- Aspen is a leading provider of quality accommodation on competitive terms in the residential, retirement and short stay sectors
- Aspen has enormous opportunities within Australia's \$7 trillion residential market given significant unsatisfied demand for suitable accommodation at more affordable prices and rents
- Aspen has a fully integrated platform encompassing operations, asset management, development and capital management - this enables us to provide a broad spectrum of products and services to our customers under different regulatory regimes and ownership schemes - examples:
 - **Rentals** of dwellings
 - **Shared Equity** where Aspen and the customer own different components of the property - eg. Aspen leases land sites to customers who own their dwellings in land lease communities and mixed-use parks
 - **Sales** of dwellings and land
- We provide one, some or the entire range of our accommodation products and services at each of our properties. We seek to maximise the profitability and value of properties and reduce risk by optimising the customer mix based on demand, length of stay, service offering, relative pricing and expenses, regulation, capital costs and other factors

Current Lease Offering (by number of dwellings and land sites)



Operating Revenue Sources (FY20)



Aspen's Competitive Value and Rents

1.2



As at June 2020¹

Portfolio Value	\$174m
Number of Dwellings/Sites	2,264
Average Value per Dwelling/Site	\$77k
WACR	8.1%



	Houses	Apartments	Mixed Use Parks	Land Lease Communities	Workforce Accommodation
Average Value per Dwelling/Site	\$252k	\$276k	\$67k	\$77k	\$61k
Average Weekly Rent (Medium/Long Term)	\$347	\$204 ²	\$249 ³	\$169	NA

1. Includes Cooks Hill and Burleigh Heads acquisitions which were contracted but not settled during FY20

2. Includes residents under Retirement Village leases at below-market rent

3. Based on short stay cabin conversions into medium-long term rentals across Mixed Use / Tourist Parks

Aspen's truly affordable accommodation offering is growing rapidly and generating attractive returns...

STRATEGY



- Key strategic priority is positioning for leadership and scale in the provision of competitively priced accommodation in the residential, retirement and short stay sectors
- We are mitigating risks through diversification by property type, customer type, location and regulatory regime
- Balance sheet capacity for growth – many profitable opportunities within the portfolio and potential for acquisitions at attractive prices in Australia's \$7 trillion residential markets

FINANCIAL



- Portfolio value of \$174m¹ – up 36% on FY19
- Gearing 18.8% - covenant LTV limit is 50%
- Revenue of \$30.8 million – up 5%
- Underlying EBITDA \$8.0 million – up 36%
- **Underlying EPS 6.80 cents – up 32%**
- Operating cash flow \$11.2 million – up 192%
- **DPS 6.00 cents – up 20%**
- **NAV \$1.15 – up 2%**

OPERATIONS



- Dwelling and land sites 2,264 – up 10%
- Longer-term leases generating stable cash flows now over 1,400 during COVID – up 39%
- Rental revenue continuing to grow – up 4% to \$26.9 million
- Net operating income \$11.8m – up 5%
- Margin expansion – up 112 bps to 42%

DEVELOPMENT (owned and within funds)



- Aspen's truly affordable offering:
 - Average new home price of c.\$323k
 - Average new land site price of c.\$180k
- Settled 44 new home and land sales – up 33% on record FY19 result
 - 7 at Aspen's Four Lanterns
 - 37 at CQ and CREST from which Aspen earns fees without capital risk
- Significant growth in development pipeline to c.640 sites across the platform
- 5 houses settled / contracted at Four Lanterns and Sweetwater Grove in FY21 to date

1. Includes Cooks Hill and Burleigh Heads acquisitions which were contracted but not settled during FY20

Financial Performance – FY20

1.4

Key Metrics	FY20 \$m	FY19 \$m	Change
Statutory profit	11.87	(0.96)	1,338% ↑
Rental & ancillary services revenue	28.13	27.54	2% ↑
Direct property expenses	(16.34)	(16.31)	
Net Operating Income	11.78	11.23	5% ↑
Operating Margin	42%	41%	
Development & trading activities revenue	2.25	1.69	33% ↑
Cost of sales	(1.57)	(1.11)	
Net Development Income	0.68	0.58	16% ↑
<i>Development Margin</i>	<i>30%</i>	<i>35%</i>	
Operating & Development Net Income	12.46	11.81	5% ↑
Net Corporate overheads	(4.43)	(5.92)	(25%) ↓
EBITDA	8.03	5.89	36% ↑
Net Interest expense	(1.39)	(0.93)	49%
Tax ¹	-	-	-
Operating Profit²	6.64	4.96	34% ↑
Operating Profit per security (cents)	6.80	5.15	32% ↑
Ordinary Distribution per security (cents)	6.00	5.00	20% ↑

- **Revenue** – up 2% mainly attributable to increases at Highway 1, AKV, and the Lindfield apartments and Perth Residential Portfolio acquisitions during the year, largely offset by the collapse in short stay tourist revenues during the COVID-19 event throughout 4Q, and the NSW bushfires which materially impacted trading at Barlings Beach and Tween Waters parks over their peak summer trading period (insurance claim still being negotiated and therefore not in results)
- **Net Operating Income** - the collapse in total short stay revenue was largely recovered through leasing park cabins on a longer stay basis, material cost reductions at the properties, and the receipt of government subsidies and rebates which we estimate contributed about \$0.5m net to the result
- **Net Development income** from the sale of 7 houses at Four Lanterns (vs. 5 in FY19)
- **Net corporate overheads** decreased 25% reflecting a significant reduction in the use of external consultants and Aspen earning \$0.35m in project management fees from the Mill Hill Capital funds
- **Net interest expense** increased 49% due to increased debt which was used to fund acquisitions and project works



1. For the purpose of illustrating operating profit above, the deferred tax benefit has been excluded

2. Non-IFRS measure used by management to assess the underlying performance of Aspen which excludes depreciation and amortisation, revaluations, and one-off and non-operating items

COVID-19 Impact - Q4 FY20 Profitability

1.5

Summary Metrics	FY20 \$m	Q4 FY20 \$m	Q4 Contribution
Rental and ancillary services revenue	28.13	6.07	22%
Net operating income	11.78	2.74	23%
Net development income	0.68	0.10	15%
Net corporate overheads	(4.43)	(0.95)	21%
EBITDA	8.03	2.01	25%
Net finance expense	(1.39)	(0.33)	24%
Operating profit	6.64	1.67	25%
Operating Profit per security (cents)	6.80	1.65	24%

- The negative impacts of COVID-19 became evident in March 2020 and affected operating performance over the entire 4Q FY20
- During the period, some state governments placed restrictions on short stays at caravan parks, so we could typically only offer our traditional tourist cabins to essential workers and customers that were unable to travel
- The customers that occupied our parks during the period were typically on 90-day leases at discounted rates, and we provided very limited service in order to reduce interaction between employees, suppliers and guests. At 30 June 2020, approximately 57% of our available cabin stock was occupied by longer stay customers at an average rate of approximately \$263 per week
- Development profits slowed in the quarter, this was somewhat due to COVID, but also due to lack of suitable inventory that we had available for sale in the period
- We significantly reduced costs over the period and also benefited from various government subsidies and grants which we estimate contributed \$0.5m net to the result
- Arrears have not increased over the period and only minimal relief has been granted to a few of our residential tenants to date. One of our commercial sub-lessees has been granted rent relief and this amount has been recouped from our landlord
- The impacts of the COVID-19 event have continued into 1Q FY21 and our operating settings are largely unchanged from 4Q FY20. We have retained sufficient flexibility to be able to offer our tourist cabins and land sites on a short stay basis when demand recovers and it becomes more profitable to do so



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Reconciliation of Statutory Profit to Operating Profit

1.6

	FY20	FY19
	\$m	\$m
Statutory Net Profit after Tax	11.87	(0.96)
Depreciation of PPE	0.52	0.65
Asset revaluations	(3.40)	4.52
Transaction costs and other	0.77	0.74
Tax benefit	(3.13)	-
Operating Profit	6.64	4.96
Net finance expense	1.39	0.93
EBITDA	8.03	5.89
Net corporate overheads and other	4.43	5.92
Operating and Development Net Income	12.46	11.81

Asset revaluations

- 5 properties were externally revalued during the period and the remainder were subject to review by Directors
- Revaluation gains were recorded at Mandurah Gardens Estate, Adelaide Caravan Park, Barlings Beach, Highway 1 and Treatts Road Lindfield Apartments, partially offset by declines at Koala Shores and Darwin Freespirit Resort
- No loss of “embedded development value” from balance sheet due to reporting development profits in operating earnings

Depreciation / R&M / SIBC

- Aspen spent \$1.22m during the year maintaining its properties:
 - R&M totalled \$0.77m - expensed at the property level
 - SIBC totalled \$0.45m - initially capitalised to the balance sheet

Tax benefit

- Tax assets of \$3.13m were recognised reflecting that Aspen Group Limited can shelter its current profitability from tax payable by utilising its historical tax losses carried forward
- At 30 June 2020, the Group had approximately \$99.3m of unrecognised tax losses including approximately \$39.5m of unrecognised capital losses, calculated on a provisional basis

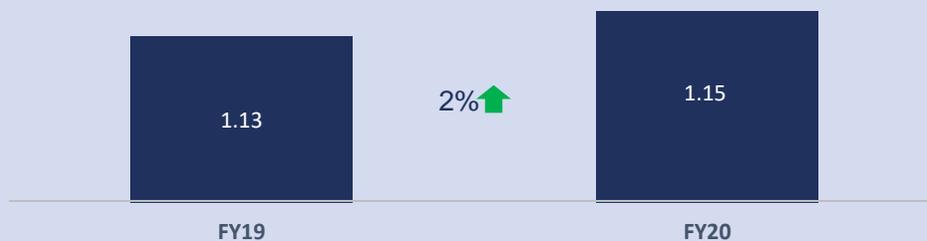
Balance Sheet and Capital Management

1.7

Key Metrics	FY20 \$m	FY19 \$m
Property Assets ⁴	167.0	128.0
Total Assets ⁵	190.7	141.7
- Cash	8.2	6.5
- Gross Debt	42.5	24.5
Net Debt	34.3	18.0
Gearing ¹	18.8%	13.3%
Loan to Value Ratio ²	20.6%	14.1%
Interest Cover Ratio ³	5.5x	5.8x
Net Asset Value (NAV)	134.0	108.8
Securities at period end	116.3m	96.3m
Net Asset Value per security	\$1.15	\$1.13

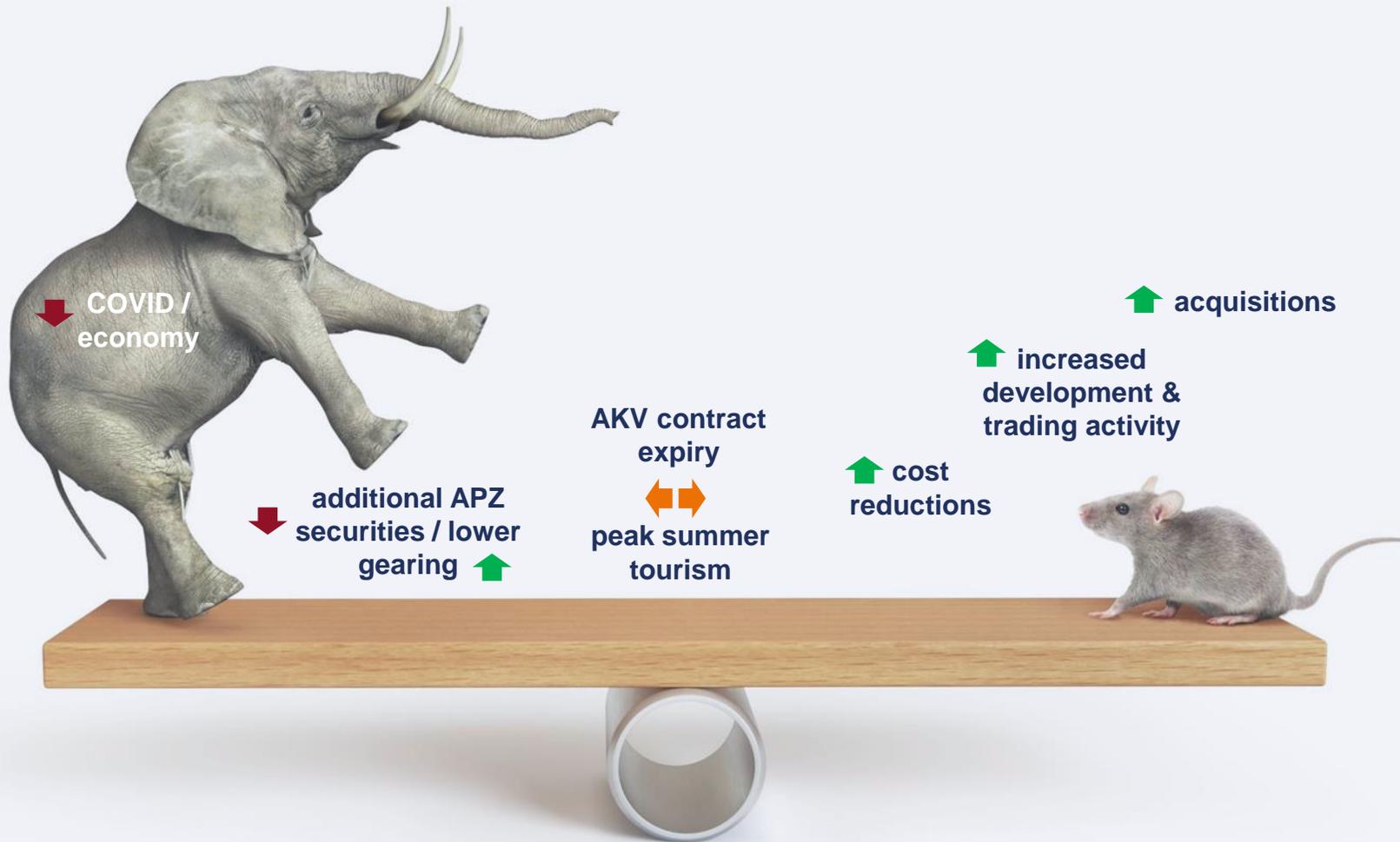
- Property Assets increased 30% - driven by the acquisition of Lindfield Apartments and Perth Residential Portfolio during the year and net gains from property revaluations
- In June 2020, Aspen raised \$20 million of equity (before costs) through the issue of 20 million securities at \$1.00 each. Net proceeds were initially used for debt reduction and working capital
- Debt facility limit is \$71m (expiring in November 2022) of which \$28.3m was undrawn / unutilised at balance date
- Drawn debt of \$42.5m, gearing of 18.8% and LTV of 20.6% - comfortably below covenant limit of 50%
- Interest Cover Ratio (ICR) of 5.5x – comfortably above facility covenant limit of 2.0x
- NAV up 2%, mainly from a net increase in property valuations, recognition of some value for deferred tax assets (required under accounting standards given Aspen Group Limited is now profitable) and retained earnings

NAV (\$) per security



1. Net Debt divided by Total Assets less Cash. 2. Net Debt divided by Property Assets - facility covenant is 50%. 3. Facility covenant is 2.0x
 4. Excludes Cooks Hill and Burleigh Heads which were contracted but not settled during FY 2020 – therefore not included on Balance Sheet
 5. Includes a deferred tax asset recognised of \$3.125m at 30 June 2020

Aspen is not quantifying FY21 EPS and DPS guidance at this stage given the continuously evolving economic and operating conditions during the COVID-19 pandemic - we aspire to continue to grow the business and profitability in FY21 against the competing challenges and opportunities...





2

Operations and Development & Trading



Property NOI – FY20 vs. FY19

2.1

Residential



Land Lease



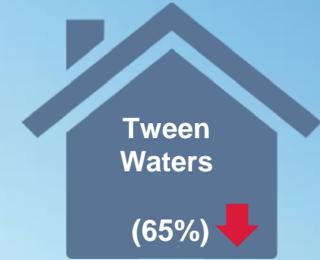
Mixed-Use



Workforce



Short Stay



1. Variance measured against FY20 Budget as acquired part way through FY19 (October 2018)

Operational Performance and Opportunities

2.2

	Residential		Land Lease			Mixed-Use
	Perth Portfolio	Lindfield Apartments	Four Lanterns	Mandurah Gardens	Sweetwater Grove	Highway One
Highlights	<ul style="list-style-type: none"> • Purchased in late November 2019 • Modern family dwellings acquired at an average price \$238k • Rents remain around \$350 per week on average and have been minimally impacted by COVID-19 • Considerable progress has been made in upgrading the quality of tenancies and reducing arrears 	<ul style="list-style-type: none"> • Acquired 20 August 2019 • Our strategy to consolidate retirement customers into Pacific Highway continues at a good rate (only 3 RV tenants remain in Treatts Road) • Treatts Road apartments are being refurbished as they become available and rents have increased over 3-fold on these apartments 	<ul style="list-style-type: none"> • NOI up 11% on FY19 with increased rate, increased number of sites leased, good cost control • Sale of 7 new houses during FY12 – below expectations due to lack of product mix and COVID • Development pipeline: 7 new houses, 1 renovated house, 12 land sites • Settled 2 and contracted on another 1 house in FY21 to date 	<ul style="list-style-type: none"> • NOI up 33% on FY19 with good cost control (including land tax reversals) and increased sales commissions • Enquiries and sales of existing houses have increased with 9 sold in FY20 (vs. 4 in FY19) and further 2 sold in FY21 to date 	<ul style="list-style-type: none"> • NOI down 9% on FY19 due to development works and a shift to longer stay tenants • Stage 1 of community upgrade and addition of 29 new houses underway - main civil works and 4 houses completed, further 9 houses under construction • Recent soft launch of marketing campaign has generated good interest. 2 of the first 4 new houses are already deposited - average price of \$224k and land rent of \$160 per week • Average house sale margin of c.\$75k 	<ul style="list-style-type: none"> • NOI up 13% compared to budget reflecting good demand from long stay tenants and corporates • Commenced a project to install 4 new hi-tech houses – modern design, space & energy efficient, cheaper building and operating costs – short stay or rental product – seeking to entice customers out of old caravans / cabins • Purchased 4 ex-display homes from local manufactured house builder at well below replacement price
Opportunities	<ul style="list-style-type: none"> • Increase current occupancy from c.90% with more intensive management and improved product and service • Rental and value increases as Perth market recovers from cyclical downturn 	<ul style="list-style-type: none"> • Complete refurbishment and re-leasing of Treatts Road property to maximise income and value in the medium term • Pacific Highway property is zoned higher density residential 	<ul style="list-style-type: none"> • Continue to purchase existing houses at attractive prices for churn activity • Site is approved for higher density residential and local vacant land prices are higher than current book value 	<ul style="list-style-type: none"> • Could be opportunities to acquire dwellings and offer rental product if resale prices decline sufficiently 	<ul style="list-style-type: none"> • Additional capacity of 50 new houses • Improvement / churn of existing dwellings over time 	<ul style="list-style-type: none"> • Expanding affordable long term cabin rental and land lease product • Opportunity to acquire adjoining land is currently under review

Operational Performance and Opportunities

2.3

	Mixed-Use (continued)	Workforce	Short Stay			
	Barlings Beach	AKV	Adelaide CP	Koala Shores	Tween Waters	Darwin Freespirit
Highlights	<ul style="list-style-type: none"> • NOI up 14% on FY19 following fast action by management pivoting to longer term leases and lower operating costs in response to COVID-19. Year started strongly with NOI up 47% on 1H19 from good occupancy growth, increased rates and cost reductions • Installed water meters to discourage overuse and recoup usage cost • Business materially impacted by bushfires in peak summer trading period (potential insurance claim not included in result) 	<ul style="list-style-type: none"> • NOI up 6% on FY19 • Continued strong activity in the Karratha region • Good demand for rooms not occupied by Woodside at materially higher rates • Woodside had exclusive use of the village at times during COVID-19 to satisfy protocols 	<ul style="list-style-type: none"> • NOI down 25% on FY19 largely due to the impact of COVID-19. The year started flat with NOI down 3% on 1H19 with slightly lower occupancy, better average rate, and costs higher than desired • In discussions to lease heritage church to commercial tenant subject to council approval 	<ul style="list-style-type: none"> • NOI down 10% on FY19 primarily due to the impact of COVID-19. Year started strongly with NOI up 42% on 1H19 with occupancy growth and good cost control • Converted the caretaker's house into 2 holiday cabins • Converted 8 un-serviced camping sites into serviced sites to be leased longer term to cabin owners 	<ul style="list-style-type: none"> • NOI down 65% on FY19 primarily due to the summer bushfires. The year started strongly with NOI up 57% on 1H19 from improved occupancy but at a lower average rate, and cost reductions (potential insurance claim not included in result) 	<ul style="list-style-type: none"> • NOI 61% below FY19 • Darwin accommodation markets in cyclical downturn – we had to reduce room rate to match competitors in the peak season (H1) • Labour and other variable cost savings not as high as budgeted due to shift in occupancy mix • COVID 19 impacted the normal gradual ramp up to peak season (starting June 20) • New entertainment facilities performing ahead of budget
Opportunities	<ul style="list-style-type: none"> • Upgrading park facilities • Potential to differentiate site fees in accordance with location (beachside v. landside) • Flexibility to convert short stay, beachfront tourist cabins into annual site leases 	<ul style="list-style-type: none"> • Focused on securing longer term rental stream: Woodside lease expires January 21; other corporates now exploring options • Optimising management model (currently managed by ISS) • Current book value is c. 1/3rd replacement cost 	<ul style="list-style-type: none"> • Recent change in senior management at the park • Refurbish and lease residential house • Zoned for higher density residential – currently completing masterplan 	<ul style="list-style-type: none"> • Planning in place for upgrade of common facilities including pool and conference room 	<ul style="list-style-type: none"> • Property is well located and approved for higher density with 10m height limit – potential apartment development in future 	<ul style="list-style-type: none"> • Further entertainment offerings are being considered

Aspen continued to grow its development and trading income in FY20:

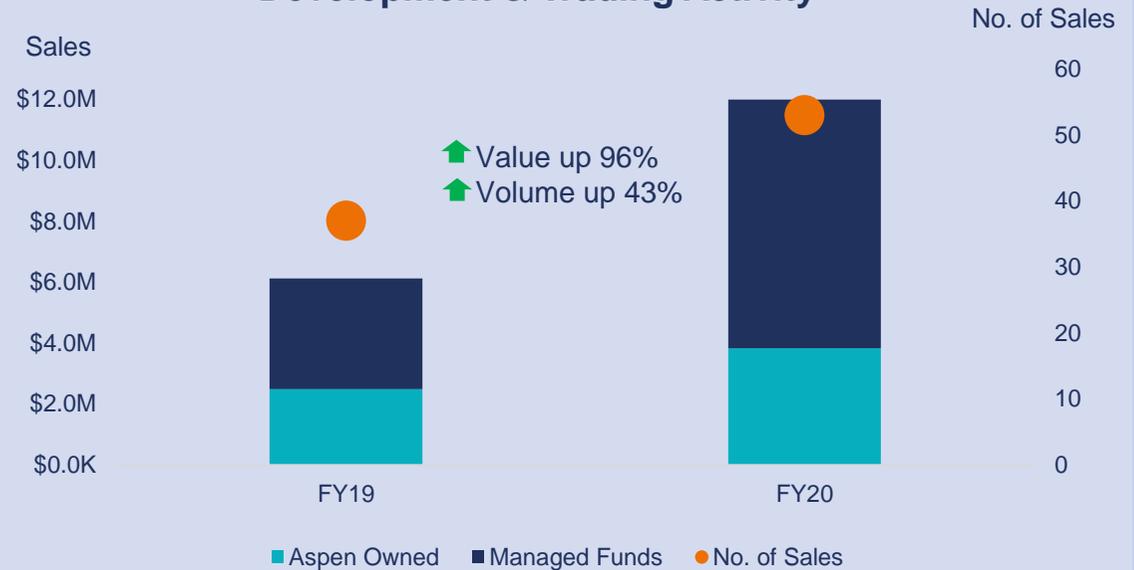
- **Development and sales of houses** under a land lease model:
 - Profit of \$676k from the sale of 7 houses at Four Lanterns (\$585k in FY19)
 - Sweetwater Grove sales commenced in 1Q FY21

- **Resale of homes** in our communities where Aspen acts as agent:
 - Fee income of \$125k from the resale of 9 homes at Mandurah Gardens Estate (\$64k in FY19)

- **Project management** of the MHC Funds' residential and retirement developments:
 - Fee income of \$350k (nil in FY19)

- **Trading profits** from recycling of properties:
 - Nil in FY20, but inventory was accumulated in the period to be realised in future years

Development & Trading Activity



Development & Trading Gross Profit



Development & Trading Activity

2.5

Strong growth in the profitable development and trading of house and land inventory...

	House and Land Sales Summary					House & Lot Inventory - FY2020		
	No. of Sales			Average Sales Price		Houses for Sale	Developed Land Lots	Future Pipeline (Lots)
	FY2020	FY2019	Variance	FY2020	FY2019			
Aspen Owned								
Four Lanterns (houses)	7	5	40%	\$352k	\$357k	8	12	-
Mandurah Gardens (houses)	9	4	125%	\$152k	\$177k	-	-	-
Sweetwater Grove (houses)	-	-	-	-	-	-	29	50
Total	16	9	78%	\$240k	\$277k	8	41	50
Aspen Managed								
Coorong Quays (houses and land)	21	21	-	\$202k	\$118k	4	32	500+
CREST (houses and land)	11	-	N/A	\$285k	N/A	28	10	93
Rockleigh (houses and land)	5	7	(29%)	\$156k	\$165k	-	2	-
Total	37	28	32%	\$220k	\$130k	32	44	593+
Total	53	37	43%	\$226k	\$166k	40	85	643+





BIG4 Koala Shores Holiday Park, NSW

3

Projects

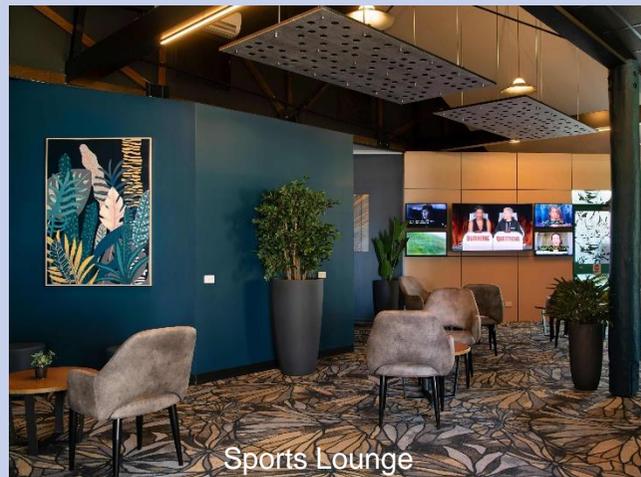


Welcome to Sweetwater Grove, a warm and relaxed lifestyle community in NSW's Hunter Region...

- Rebranded from Tomago Van Village
- The whole community is being enhanced with new facilities including new sheltered BBQ area, upgraded tennis court and pool, new entrance and landscaping, dog park, new wastewater treatment infrastructure, and a new community building which is scheduled for completion in 2Q FY21
- Stage 1 comprising 29 homes is progressing well with 4 new homes completed and a recent soft launch of the marketing campaign – EOIs already received for 2 houses
- Homes have an average asking price of \$228k which is highly competitive for the Newcastle region
- Subsequent stages include 50 additional approved home sites



- Over the past 12 months Darwin Freespirit Resort's entertainment offering has been significantly enhanced with the installation of a new marquee and a sports lounge and gaming room
- These additions are very complimentary to the existing accommodation and F&B offering and have further set the park ahead of its local competitors
- Revenues from these activities are acting to smooth out the high seasonality of the accommodation component of the business
- Function bookings at the marquee were very pleasing prior to COVID-19 and we expect this to rebound once COVID-19 dissipates
- The new gaming room was opened in early June and is performing ahead of budget



- Aspen is continuously considering ways to provide its customers with quality accommodation products at the lowest possible prices and rents
- Trial of new high-tech cabins – four currently being installed:
 - Modern design, space & energy efficient, cheaper building and operating costs
 - Short stay or rental product
 - Seeking to entice customers out of old caravans / cabins
 - If the trial is successful – there is ample opportunity for this product to be rolled out across the broader portfolio
- Four ex-display houses were opportunistically purchased at well below replacement cost and are currently being installed
- The new accommodation products:
 - Provide new and innovative accommodation options to our customers at affordable price points
 - Convert surplus vacant sites to higher and better uses
 - Enhance the general appearance and quality of our parks
 - Are expected to generate attractive financial returns - over 15% ROCE plus growth
- Masterplanning exercise underway to maximise site yield, consider expansion opportunities, and review infrastructure



Exterior

New High Tech Cabins
Design Images



Living Area

- This property is currently registered as a Retirement Village (RV)
- Upon acquisition in August 2019, 12 of the apartments were occupied by RV tenants and the remainder by residential tenants
- We have offered all the RV tenants the opportunity and incentive to relocate to our Pacific Highway Lindfield property or to other locations, and all but 3 RV tenants have moved to date
- As the apartments are becoming available, they are being refurbished at a cost of c.\$80k each and leased to residential tenants at a very competitive rent in the area of \$360-400 per week (COVID has impacted rents by around \$40 per week)
- The new rent is more than 3x the amount paid by the previous RV tenants



- Aspen has undertaken various initiatives to reduce its environmental impact - these measures also generally result in lower operating costs
- Current projects include:
 - Installation of solar panels: currently installed at 6 properties, with further roll out scheduled at Aspen Karratha Village and Barlings Beach this year
 - Progressive replacement of all lights to LED across portfolio including conversion of street lighting to solar LED where possible
 - Water saving measures are being reviewed and implemented across the group – eg. Barlings Beach water reticulation system upgrade
 - Reviewing hot water systems at Darwin to maximise efficiency and reduce costs
 - Standardising products purchased to reduce energy and water use and increase product life across the Group



Solar panels installed at Darwin Free Spirits Resort, NT (top) and Highway 1, SA (lower)

Key Development Projects & Pipeline

3.6

Ample investment opportunities exist within the current portfolio to deliver attractive returns...

Key Projects	Available Sites ¹	Development Timeline			
		FY20	FY21	FY22	FY23
Developments – new income producing sites / enhance quality of broader asset and tenancies / capital return and trading profit opportunities...					
1. Sweetwater Grove	79	Sales commenced FY21 – progressive expansion and sell down			
2. Four Lanterns	20	Progressive expansion and sell down			
Total	99+				
Refurbishments – achieve higher rents at existing sites / enhance quality of asset and tenancies / increase asset value...					
3. Lindfield Apartments	4	Complete refurbishment works as units become available			
4. Cooks Hill Co-Living Community	40+	Consultant appointment / DA complete refurbishment / expansion			
5. Burleigh Heads Townhouses	18	From settlement to complete refurbishment (9 -12 months) / rent			
Total	62+				
Future Projects under Review					
6. Highway 1 (existing site)	50+	Masterplanning Expansion Rent / sell down			
7. Adelaide Caravan Park	50+	Masterplanning Expansion Rent / sell down			
Total	100+				
Grand Total	261+				

1. Current estimates – certain sites remain subject to council approval



Newcastle, NSW

4

Portfolio



Portfolio Aggregates¹

Properties*	15
Land Area	62.5 hectares
Approved Sites	2,264
Dwellings Owned by Aspen	860
Density:	
- sites per hectare	36
- dwelling / sites ratio	38%
Portfolio Value:	
- per hectare	\$2.8m
- per approved dwelling/site	\$77k
Valuation WACR	8.1%

- Aspen currently has 15 properties valued at approximately \$174m:
 - Average value of approximately \$77k per approved dwelling/site
 - WACR of 8.1%
- Aspen also manages 3 major residential and retirement projects and earns project management fees for this service
- General traits that Aspen seeks in properties it acquires:
 - Desirable locations – particularly metropolitan
 - Large land parcels that are under-utilised
 - Existing dwellings priced at well below replacement cost that can be refurbished / repurposed
 - Land and development cost at the low end of (or below) local competition
 - Competitive operating costs (e.g. tax incentives / subsidies)
 - Flexibility / optionality
 - Strong potential for higher value use over time

* Perth Residential Portfolio of 84 dwellings is counted as 1

Increasing Property Value – providing our customers attractive lifestyles at competitive prices and rents

Camping



Cabins



Manufactured Homes



Residential Homes



Apartments



1. Includes Cooks Hill and Burleigh Heads acquisitions which were contracted but not settled during FY20

FY20 Acquisitions – Attractively Priced and Profitable

4.2

1 Apartments
Lindfield



2 House Portfolio
Perth



3 Co-Living Community
Cooks Hills, Newcastle



4 Townhouses
Burleigh Heads, Qld



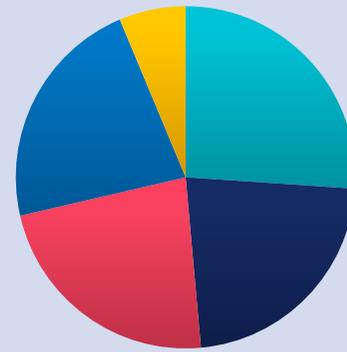
Status:	Settled August 2019	Settled November 2019	Settled July 2020	Under Contract
Purchase Price:	\$8.65m	\$20m	\$3.75m	\$3.15m
Dwellings:	42 Units	84 Houses	55 Rooms	18 Houses
Land Area:	3,489 sqm	34,766 sqm	1,948 sqm	9,388 sqm
Value Metrics:				
- Per Dwelling	\$206k	\$238k	\$68k	\$175k
- Per Sqm Land	\$2,479	\$575	\$1,925	\$336

Aspen's Portfolio Composition & Growth

4.3

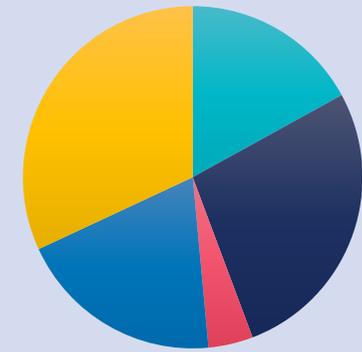
- Aspen's portfolio composition and income streams have improved materially over the past 12-18 months
 - Increased weighting to:
 - Metropolitan locations
 - More stable, less seasonal rental income
 - Capital growth v. income profile
 - More liquid properties - individual houses and apartment buildings in metropolitan locations are easier and quicker to rent and sell
 - Continued conversion of short-stay product into longer-stay across the mixed-use parks where profitable
 - AKV weighting has reduced

Property Type (value weighted)



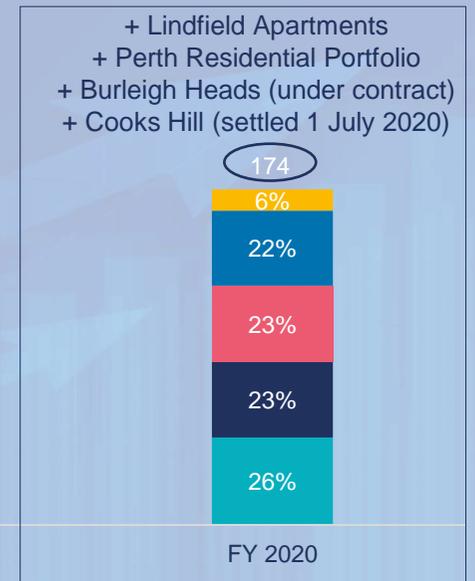
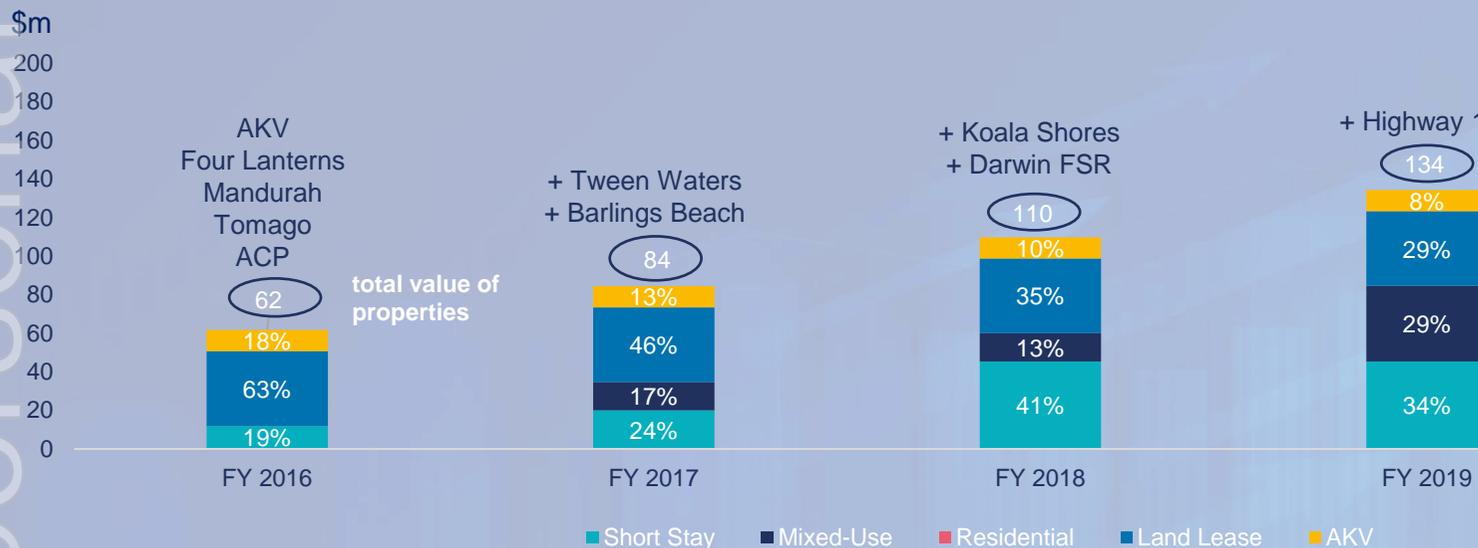
■ Short Stay ■ Mixed-Use ■ Residential
■ Land Lease ■ AKV

Property Type (NOI weighted)



■ Short Stay ■ Mixed-Use ■ Residential
■ Land Lease ■ AKV

Portfolio Composition¹ and Acquisition History



1: Value weighted based on property values at 30 June 2020, also includes Burleigh Heads (under contract not yet settled) and Cooks Hill (settled 1 July 2020) acquisitions at cost
 2: Excludes value of CREST, Rockleigh and Coorong Quays which are managed by Aspen Group and owned by Funds

Aspen's portfolio is geographically diversified...

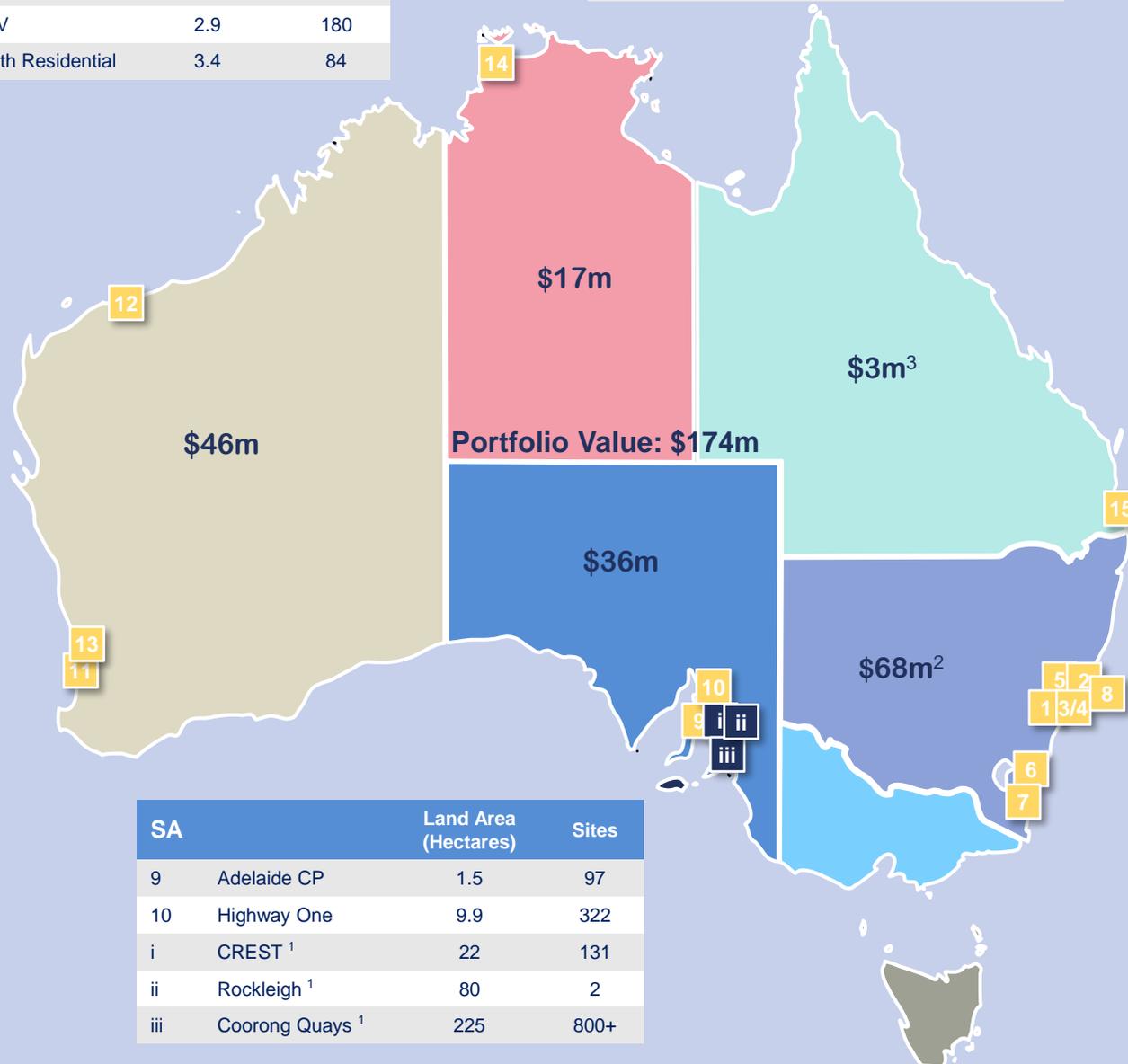
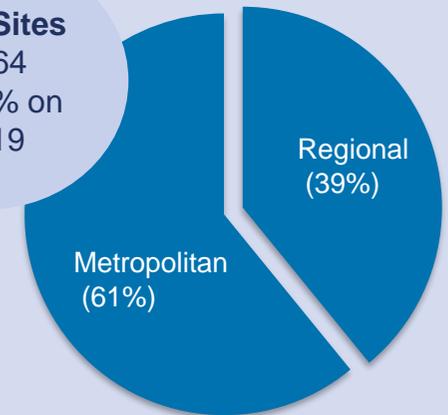
4.4

WA		Land Area (Hectares)	Sites
11	Mandurah	6.8	158
12	AKV	2.9	180
13	Perth Residential	3.4	84

NT		Land Area (Hectares)	Sites
14	Darwin FreeSpirit	10.8	461

Property Type by Location (value weighted)

Total Sites
2,264
up 10% on
FY19



SA		Land Area (Hectares)	Sites
9	Adelaide CP	1.5	97
10	Highway One	9.9	322
i	CREST ¹	22	131
ii	Rockleigh ¹	80	2
iii	Coorong Quays ¹	225	800+

Queensland		Land Area (Hectares)	Sites
15	Burleigh Heads ³	0.94	18

NSW		Land Area (Hectares)	Sites
1	Four Lanterns	3.9	131
2	Sweetwater Grove	6.0	214
3	Lindfield Kiah	0.19	20
4	Lindfield Kalinda	0.16	22
5	Koala Shores	5.1	144
6	Barlings Beach	8.8	260
7	Tween Waters	1.9	98
8	Cooks Hill, Newcastle ²	0.19	55

1. CREST, Rockleigh and Coorong Quays are owned by Funds managed by Aspen Group
 2. Includes Cooks Hill, Newcastle 55 Room Co-Living Community contracted during FY2020 and settled in July 2020
 3. Includes Burleigh Heads 18 Town Houses contracted during FY2020 and has not yet settled

Aspen Group: Portfolio Summary

4.5

	New South Wales									Queensland
	Four Lanterns	Lindfield Kiah	Lindfield Kalinda	Sweetwater Grove	Koala Shores	Cooks Hill Co-Living Community ⁶	Barlings Beach	Tween Waters	NSW TOTAL	Burleigh Heads ⁷
Region	Sydney Metro	Sydney Metro	Sydney Metro	Greater Newcastle	Greater Newcastle	Greater Newcastle	South Coast	South Coast		Gold Coast
Land Ownership	Freehold	Freehold	Freehold	Freehold	Free/Leasehold	Freehold	Freehold	Freehold		Freehold
Customer Tenure	Land Lease	Rental	Rental	Land Lease / Rental	Short Stay	Rental	Land Lease / Short Stay	Short Stay		Rental
Total Land Area (HA) ¹	3.9	0.19	0.16	6.0	5.1	0.19	8.8	1.9	26.3	0.94
Approved Sites ²	131	20	22	214	144	55	260	98	944	18
- per Ha	33	104	140	36	28	289	30	50	36	19
Owned Dwelling Inventory ³	8	20	22	53	40	55	33	33	264	18
- per Approved Site	6%	100%	100%	25%	28%	100%	13%	34%	28%	100%
Property Value ⁴ (\$m)	12.43	6.65	4.93	12.59	8.43	3.75	14.70	8.10	71.58	3.15
Valuation Cap Rate ⁵	6.50%	3.74%	3.97%	8.50%	8.85%	7.50%	8.75%	9.00%	7.50%	N/A
Value Per HA (\$m)	3.2	34.5	31.4	2.1	1.7	19.7	1.7	4.2	2.7	3.4
Value Per Approved Site (\$k)	95	333	224	59	59	68	57	83	76	175



Aspen Group: Portfolio Summary

4.6

	WA				South Australia			NT	GROUP
	Mandurah Gardens	AKV	Perth Residential	WA TOTAL	Adelaide CP	Highway One	SA TOTAL	Darwin FSR	TOTAL
Region	South Coast	Pilbara	Perth Metro		Adelaide Metro	Adelaide Metro		Darwin Metro	
Land Ownership	Freehold	Freehold	Freehold		Freehold	Freehold		Freehold	
Customer Tenure	Land Lease	Leased / Short Stay	Rental		Short Stay	Short Stay / Land Lease		Short Stay / Rental	
Total Land Area (HA) ¹	6.8	2.9	3.4	13.1	1.5	9.9	11.4	10.8	62.5
Approved Sites ²	158	180	84	422	97	322	419	461	2,264
- per Ha	23	62	24	32	65	33	37	43	36
Owned Dwelling Inventory ³	1	180	84	265	47	116	163	150	860
- per Approved Site	1%	100%	100%	63%	48%	36%	39%	33%	38%
Property Value ⁴ (\$m)	13.72	11.01	21.18	45.92	11.90	24.44	36.34	16.90	174
Valuation Cap Rate ⁵	7.50%	15.00%	4.25%	7.80%	8.25%	9.25%	8.92%	9.50%	8.1%
Value Per HA (\$m)	2.0	3.8	6.2	3.5	7.9	2.5	3.2	1.6	2.8
Value Per Approved Site (\$k)	87	61	252	109	123	76	87	37	77

Notes:

- Sweetwater Grove land area excludes "Environmental Conservation" land that is not currently approved for development
- Approved Sites is the total number of underlying units or land sites currently permitted on the property under title, licence or other conditions
- Owned Dwelling Inventory are houses, apartments, cabins, vans, commercial/retail space etc. that Aspen owns that can be sold or leased on short to long term basis to customers
- Book values are a mixture of Directors' and external valuations. Cooks Hill and Burleigh Heads acquisitions are included at their contracted purchase price as they had not settled during FY 2020
- Valuation cap rate that has been applied by external valuers in the most recent external valuations
- Contracted during FY2020 – settlement occurred in July 2020
- Contracted during FY2020 – settlement has not yet occurred



Coorong Quays, SA

5

Managed Funds



Coorong Quays

- Operating business performance was significantly above FY20 forecast
- Marina berth occupancy up 9% in FY20
- Continued good land sales activity – 23 lots in FY20
- Completed construction of the new Coorong Quays Club facility – a community facility for the entire CQ estate
- Completed refurbishment and expansion of the Islanders' Tavern leading to increased rent
- Commenced civil works on 32 new land lots for completion in 1H FY21 - 12 of these lots are already under offer / contract
- 4 new Land Lease homes within the lifestyle village are approaching completion, sales campaign has commenced
- Expect to commence next stage of Land Lease houses in 1H FY21

CREST @ Woodside

- Stage 1 civil works have completed allowing for the titling of the first 49 lots
- 13 houses and 7 land lots have contracted or settled to date
- Stage 2A civil works allowing for 15 more houses to be let is underway with completion expected in 1H FY21
- The existing sales and contracts support commencing the balance of all civil works for the site, we expect this to commence in 1H FY21

Rockleigh

- All lots have been contracted with only 2 lot settlement remaining (1 has already settled in FY21)



New Coorong Quays Club and Community Facilities



Seabreeze Villa cabins – Barlings Beach, NSW

6

Aspen Group Statutory Accounts Extracts



Statutory Accounts Extract: Statement of Profit and Loss

6.1

	CONSOLIDATED	
	2020 \$'000	Restated 2019* \$'000
Continuing operations		
Rental income	26,923	25,841
Home sales	2,247	1,691
Food and Beverage sales	1,203	1,696
Other revenue	397	-
Total revenue	30,770	29,228
Expenses		
Operational expenses	(6,184)	(5,614)
Property expenses	(5,699)	(5,621)
Cost of Homes sold	(1,571)	(1,106)
Employee expenses	(7,709)	(7,980)
Administration expenses	(2,039)	(3,526)
Depreciation and amortisation expenses	(523)	(653)
Other expenses	(1)	(20)
Total expenses	(23,726)	(24,520)
Net Fair value gain/(loss) on Investment properties	3,401	(4,523)
Earnings/(loss) before interest and income tax expense (EBIT)	10,445	185
Finance income	170	207
Finance costs	(1,868)	(1,284)
Profit/(Loss) before income tax	8,747	(892)
Income tax expense	3,125	-
Profit/(Loss) from continuing operations	11,872	(892)
Discontinued operations		
Profit/(Loss) for the year from discontinued operations	(1)	(67)
Profit/(Loss) for the year	11,871	(959)
Profit/(Loss) attributable to ordinary equity holders of the parent entity	11,871	(848)
Profit/(Loss) attributable to non-controlling interest	-	(111)
Profit/(Loss) for the year	11,871	(959)
Earnings per security (EPS) attributable to ordinary equity holders of the parent entity from continuing operations	Cents	Cents
Basic earnings per security	12.17	(0.93)
Diluted earnings per security	12.17	(0.93)
Earnings per security attributable to ordinary equity holders of the parent entity		
Basic earnings per security	12.17	(0.88)
Diluted earnings per security	12.17	(0.88)

personal use only

Statutory Accounts Extract: Balance Sheet

6.2

	CONSOLIDATED		
	30 June 2020 \$'000	Restated 30 June 2019* \$'000	Restated 1 July 2018* \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	8,161	6,466	13,370
Trade and other receivables	6,910	3,913	1,950
Assets classified as held for sale	-	-	4,157
Inventories	1,958	2,760	1,566
Net investment in sublease	1,108	-	-
Total current assets	18,137	13,139	21,043
<i>Non-current assets</i>			
Investment properties	150,085	110,540	86,516
Property, plant and equipment	16,919	17,500	19,451
Intangible assets	82	106	279
Right of use assets	538	-	-
Deferred tax assets	3,125	-	-
Net investment in sublease	1,384	-	-
Other	444	450	373
Total non-current assets	172,577	128,596	106,619
Total assets	190,714	141,735	127,662
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	9,046	6,485	5,841
Liabilities classified as held for sale	-	-	43
Provisions	1,213	1,984	2,402
Lease liability	1,291	-	-
Total current liabilities	11,550	8,469	8,286
<i>Non-current liabilities</i>			
Interest bearing loans and borrowings	42,498	24,500	4,700
Lease liability	2,255	-	-
Derivative liability	381	-	-
Total non-current liabilities	45,134	24,500	4,700
Total liabilities	56,684	32,969	12,986
Net assets	134,030	108,766	114,676
Equity			
<i>Equity attributable to equity holders of the parent</i>			
Issued capital	509,715	490,348	490,361
Reserves	201	-	-
Accumulated losses	(372,049)	(361,439)	(355,653)
Total equity attributable to equity holders	137,867	128,909	134,708
Non-controlling interest	(3,837)	(20,143)	(20,032)
Total equity	134,030	108,766	114,676

Statutory Accounts Extract: Cash Flow Statement

6.3

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	30,836	30,098
Payments to suppliers and employees (inclusive of GST)	(19,591)	(26,249)
Net cash flows from operating activities	11,245	3,849
Cash flows (used in)/from investing activities		
Proceeds from sale of assets held for sale, net of selling costs	-	2,542
Deposit paid for investment property acquisition	(4,123)	(865)
Acquisition of investment properties	(36,025)	(27,047)
Interest received	170	225
Net cash flows used in investing activities	(39,978)	(25,145)
Cash flows (used in)/from financing activities		
Proceeds from borrowings	29,998	28,800
Repayment of borrowings	(12,000)	(9,000)
Proceeds from net investment in sublease	942	-
Distributions paid	(5,253)	(4,232)
Payment of borrowing costs	(1,528)	(1,176)
Payment of lease liability	(1,098)	-
Issuance of stapled securities (net of costs)	19,367	-
Net cash flows used in financing activities	30,428	14,392
Net decrease in cash and cash equivalents	1,695	(6,904)
Cash and cash equivalents at beginning of year (including cash assets classified as held for sale)	6,466	13,370
Cash and cash equivalents at end of year	8,161	6,466

Statutory Accounts Extract: Segment Information

6.4

	Retirement		Tourism		Residential		Corporate		Other		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Rental income	3,465	3,413	12,909	13,934	1,122	-	9,427	8,494	-	-	26,923	25,841
Home sales	2,247	1,691	-	-	-	-	-	-	-	-	2,247	1,691
F&B sales	-	-	1,203	1,696	-	-	-	-	-	-	1,203	1,696
Other revenue	-	-	-	-	-	-	-	-	397	-	397	-
Total segment revenue¹	5,712	5,104	14,112	15,630	1,122	-	9,427	8,494	397	-	30,770	29,228
Operating EBITDA ²	3,020	2,650	5,187	5,614	504	-	3,748	3,550	(4,434)	(5,920)	8,025	5,894
Finance income	-	-	-	-	-	-	-	-	27	207	27	207
Finance costs	-	-	-	-	-	-	-	-	(1,413)	(1,140)	(1,413)	(1,140)
Operating profit / (loss) before depreciation and income tax	3,020	2,650	5,187	5,614	504	-	3,748	3,550	(5,820)	(6,853)	6,639	4,961
Depreciation and amortisation	-	-	(474)	(613)	-	-	-	-	(49)	(40)	(523)	(653)
Net Fair value gain/(loss) on Investment properties	1,422	1,877	804	2,576	1,207	-	(32)	70	-	-	3,401	4,523
Other expenses ³	-	(3,793)	(32)	(5,333)	-	-	-	(139)	(739)	(525)	(771)	(9,790)
Income tax benefit/(expense)	-	-	-	-	-	-	-	-	3,125	-	3,125	-
Profit / (loss) after tax attributable to parent entity	4,442	734	5,485	2,244	1,711	-	3,716	3,481	(3,483)	(7,418)	11,871	(959)
Segment assets and liabilities reviewed by CODM can be analysed as follows												
Segment assets	38,745	34,990	84,470	82,050	32,756	-	11,014	11,000	23,729	13,695	190,714	141,735
Segment liabilities	-	-	-	-	-	-	-	-	56,684	32,969	56,684	32,969

¹ All segment revenues are derived from external customers.

² Operating EBITDA represents earnings before interest, tax, depreciation and amortisation and excluding non-underlying items.

³ Other expenses are expenses which are excluded from CODM's review of operating profits. This includes expenses such as share-based payments and fair value adjustment on interest rate swaps.



7

Appendices



Distribution & Tax History

7.1

Period / Quarter Ended	Date Paid	Distribution Type	Aspen Group Ltd	Aspen Property Trust ¹		Total Amount Paid cents
			Cps	Cps	Tax Deferred / Non assessable income	
Dec-17	28/02/2017	Ordinary	-	2.10	-	2.10
Jun-17	29/08/2017	Ordinary	-	2.50	-	2.50
Oct-17	20/10/2017	Special Capital	-	5.00	100.0%	5.00
Dec-17	27/02/2018	Ordinary	-	2.10	31.4%	2.10
Jun-18	30/08/2018	Ordinary	-	2.10	30.5%	2.10
Dec-18	26/02/2019	Ordinary	-	2.30	45.7%	2.30
Jun-19	30/08/2019	Ordinary	-	2.70	43.3%	2.70
Dec-19	28/02/2020	Ordinary	-	2.75	56.5%	2.75
Jun-20	28/08/2020	Ordinary	-	3.25	69.8%	3.25

FY 2020 (Provisional calculations)	Aspen Group Ltd	Aspen Property Trust
	Gross (\$m)	Gross (\$m)
Revenue tax losses	70.3	-
Capital tax losses	39.5	-



1. APT has elected to adopt the Attribution Managed Investment Trust regime from 1 July 2016

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