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MARKET RELEASE

ASX ANNOUNCEMENT 21 February 2017

Financial results for the half year ended 31 December 2016

KEY POINTS

- Aspen Group 1H FY17 financial results
 - Statutory profit after tax of \$0.5 million
 - 1H FY17 distribution of 2.1 cents per security
 - Total operating profit after tax of \$2.5 million ¹
 - Currently no debt, with \$37 million in cash
 - Net Asset Value (NAV)² per security of \$1.25 ³
- Aspen Group has a clear focus on building its position as a leading affordable accommodation provider
 - Property assets at 31 December total \$116 million; accommodation is forecast to represent 70% of the property portfolio ⁴
 - Acquisition of three accommodation assets during the half year
 - Future acquisition capacity with debt facility in-place in 2H FY17
- 2H FY17 distribution guidance in a range of 2.0-2.5 cents per security

Aspen Group (ASX: APZ) today announced its financial results for the half year ended 31 December 2016 and reported a statutory profit of \$0.5 million.

Operating profit before tax, attributable to the Aspen Group securityholders, was \$2.5 million, which reflects the revised operating platform of the Group post the divestment of APPF.

Aspen Group Chief Executive Officer Joel Cann, said, "Our focus in the first half of FY17 was to enhance the existing assets within the business, re-establish scale with further acquisitions, and continue our medium / long term goal of building an industry leading affordable accommodation business. We have made progress on all of these goals and our platform for growth has been firmly established.

"Since the start of the financial year, we have made three acquisitions in the tourism sector, totalling around \$30 million with an average in-going yield of 9.3%.⁴ Our portfolio now contains eight accommodation-based parks with a value of over \$80 million.⁴ We are highly focused on continuing to grow the portfolio within the

¹ Operating profit is a non-IFRS measure used to reflect the underlying operating performance of the business

² NAV is an unaudited non-IFRS measure that, in the opinion of the Directors, is useful in understanding and appraising the Group's performance. NAV is an asset measure that includes the recognition of property assets on the basis of their current valuation.

³ Includes impact of 1H FY17 distribution announced on 19 January 2017

⁴ Includes BIG4 Koala Shores, BIG4 Tween Waters, and Barlings Beach

retirement, tourism and corporate sectors and our team continues to work on an extensive acquisitions pipeline. In addition, we expect to have a debt facility in place during the second half of FY17 that will give the Group a further \$60-\$70m in acquisitions capacity. Deployment of the facility will be a key focus of the business for the remainder of the year, but acquisitions will only be made when a target asset fits key financial and operating potential criteria.

“Operating performance in the current portfolio continued to improve as we focused on efficiencies through an active management program. Furthermore, we continued to progress on value enhancing development works at our parks. We received DA approval for an additional 28 manufactured homes at Leppington, in the growing Sydney southwest corridor. In addition, a masterplan submission at Tomago, located in the Group’s NSW central coast cluster, was submitted to local Council and the final masterplan will add a total of 49 sites to the existing park footprint.

“Aspen now has a clear strategy to grow securityholder value and the first half of FY17 reflects the progress the business has made in a short timeframe. Our buy, enhance, operate operating model has been fully implemented and we expect increased returns to our securityholders through earnings and distribution growth, together with increasing net asset values via development initiatives and operating efficiencies,” he said.

Distribution Guidance

Aspen Group advises its distribution guidance for 2H FY17 will be in a range of 2.0-2.5 cents per security. This guidance assumes no material change in the business and is in line with expected earnings. Going forward, Aspen expects to maintain a high payout ratio on operating earnings after stay in business capex.

Aspen Group’s earnings in 2H FY17 will be dependent upon a number of variables including the performance of current operations, as well as the size, timing and magnitude of earnings from acquisitions executed during 2H FY17. As these remain uncertain at this time, an update will be provided as the year progresses.

End

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