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MARKET RELEASE

ASX ANNOUNCEMENT
31 August 2017

Financial results for the year ended 30 June 2017

KEY POINTS

- Aspen Group FY17 financial results
  - Statutory loss after tax of $0.2 million (profit of $9.9 million in FY16)
  - 2H FY17 distribution of 2.5 cents per security; full year FY17 distribution of 4.6 cents per security
  - Total operating profit after tax attributable to Aspen Group of $4.5 million
  - No debt, with $22 million in cash
  - Net Asset Value (NAV) per security of $1.22

- Aspen Group has transitioned to a focused affordable accommodation provider
  - 2 tourism assets acquired for $20 million, another contracted and due for settlement in 2Q
  - Proceeds of $34 million expected from the disposal of non-core assets in 1H FY18
  - $80 million finance facility negotiated and established

Aspen Group (ASX: APZ) today announced its financial results for the year ended 30 June 2017 recording a statutory loss of $0.2 million, the significant components of which include:

- Operating profit after tax of $4.5 million

Offset by

- Impairments and losses related to legacy assets and liabilities totalling $2.5 million
- Impairment in the value of core assets $0.9 million
- Acquisition costs incurred of $1.4 million

Distributable earnings, attributable to the Aspen Group securityholders, was $5.1 million.

In commenting on the result, Aspen Group CEO Joel Cann said, "The FY17 year saw a number of significant steps taken towards our goal of becoming a major investor / manager in the affordable accommodation sector.

Re-establishing scale within the business was a key priority during the year. We acquired two tourism parks, Barlings Beach and Tween Waters, on the NSW south coast and have a further acquisition in Koala Shores north of Sydney due to settle early in 2Q FY18. Investment in new parks totaled $30 million during the year. Acquisition activity continues at pace with a further $40 million of assets under exclusive due diligence at this time.

We also made significant progress addressing legacy non-core assets of the business. Spearwood South is subject to an unconditional sale contract which will release $28 million of proceeds at the end of 1Q FY18. A total of $34 million of cash proceeds is expected from the sale of non-core assets during 1H FY18. These proceeds will provide further funding supporting the Group's investment in affordable accommodation assets.

Aspen continued to progress its intensification program at three assets during the year. At Adelaide Caravan Park, 10 sites have been added to this tourism facility providing extra capacity during peak periods. We also secured development approval for the expansion of our retirement facilities at Four Lanterns Sydney and Tomago in the Newcastle / Port Stephens catchment.

At Four Lanterns, the DA provides a further 28 residences to be added to the facility on existing land. The Tomago development allows for a masterplan redevelopment to be undertaken on a major portion of the site. This will see the addition of 34 new sites involving the sale of 74 residences less a consolidation of 40 existing sites. Subject to final project evaluation, the Tomago and Four Lanterns retirement villas will be the subject of a pre-marketing campaign in late 2H FY18 with sales anticipated to commence at the beginning of FY19.

Aspen established an $80 million finance facility in 2H FY18. Combined with the proceeds on the sale of non-core assets, the group has approximately $100 million available to fund its acquisition and development program".

End

For further information, please contact:	
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