



Aspen Group Limited
ABN 50 004 160 927

Aspen Property Trust
ARSN 104 807 767

Level 3, 37 Pitt Street
Sydney NSW 2000

Telephone: 02 9151 7500
Facsimile: 02 9151 7599

Email: homemail@aspengroup.com.au

MARKET RELEASE

ASX ANNOUNCEMENT 28 August 2018

Financial results for the year ended 30 June 2018

KEY POINTS

- Aspen Group FY18 financial results
 - Statutory profit after tax of \$0.8 million (loss of \$0.2 million in FY17)
 - 2H FY18 distribution of 2.1 cents per security; full year FY18 distribution of 4.2 cents per security plus special capital distribution of 5.0 cents per security
 - Total operating profit after tax attributable to Aspen Group of \$3.1 million
 - Net cash of \$8.7 million
 - Net Asset Value (NAV) per security of \$1.19
 - Property value increases of \$5.1 million recorded in FY18

- Aspen Group continues to build its affordable accommodation portfolio
 - 2 tourism assets acquired for \$30 million, another in advanced stages of due diligence
 - Proceeds of \$34 million secured from the disposal of non-core assets
 - \$40 million of available funding for acquisitions / investment

Aspen Group (ASX: APZ) today announced its financial results for the year ended 30 June 2018 recording a statutory profit of \$0.8 million, the significant components of which include:

- Operating profit after tax of \$3.0 million

offset by

- Acquisition costs incurred of \$2.2 million

Distributable earnings, attributable to Aspen Group securityholders, was \$4.2 million.

In commenting on the result, Aspen Group CEO Joel Cann said, "The FY18 year saw further significant steps taken towards our goal of being a major owner and operator in the affordable accommodation sector.

Acquiring and stabilizing assets in line with strategy was a key priority during the year. We acquired two tourism parks, Koala Shores in Port Stephens NSW and Darwin FreeSpirit Resort which were settled in Q2 FY18. Investment in new parks totaled \$30 million during the year. During the year, our core portfolio increased in total assets by 49%. Income from the core portfolio achieved revenue growth of ~20%. Additionally, valuation increases to the groups portfolio totaled \$5.1m during FY18. Acquisition activity continues with greater than \$20 million of assets under exclusive due diligence at this time. We have noted an improved pipeline of assets for sale in recent months.

Operating leverage is an area of significant focus as we build the portfolio, and this has allowed clustering of assets in close geographic proximity to leverage scale and target lower costs.

We also made significant progress on non-core assets of the business with three properties sold. Including the final property sale which was settled in August 2018, total proceeds of \$34 million were received from the non-core asset portfolio which is in line with previous announcements. These proceeds were applied to acquisitions, the securities buy-back and the special capital distribution during 1H FY18. The business finished in a net cash position of \$8.7m at the end of the year and has \$40 million of capacity to deploy against future acquisitions and investments.

As per our Buy, Enhance and Operate model, the group has embarked on significant development activity across the group including a capital program to enhance customer amenity at our tourism assets. This is primarily focused on our latest acquisitions and targets improved occupancy and rates at these assets. Our retirement business has also been a point of focus. At Four Lanterns, works are well under way that will see the addition of a further 28 residences to the facility on existing land. Civil works are substantially complete and marketing of the residences has commenced. To date we have sold three residences and forecast 14 to be settled in FY19. It is anticipated that the bulk of the remaining 14 residences shall be sold in 1H FY20.

Additionally, civil works are underway at Tomago which will see 52 additional residences released. A marketing campaign will be undertaken in 1H FY20."

Proposed Governance and Management Changes

The Board is pleased to announce two proposed changes to the governance and management of Aspen Group Limited that involves outsourcing its Responsible Entity (RE) function to Evolution Trustees Ltd and the Investment Management function to Mill Hill Capital Pty Ltd (Mill Hill Proposal). If approved by securityholders, implementation of both proposals is expected to deliver a material reduction in overheads, the redeployment of approximately \$10 million of cash that currently supports Aspen's RE license into the business and a strong property team in John Carter and David Dixon. The Board of Aspen Limited will remain unchanged and will continue to control the direction of the group. An Independent Board Committee (IBC) has formulated and negotiated the Mill Hill Proposal and it is conditional on Independent Expert opinion that it is in best the interests of securityholders, the approval of securityholders at the AGM expected to be held in November 2018 and IBC continuing to support it. Neither of the proposed changes are conditional on the other being approved. Further information can be found in the Aspen Group Limited FY18 Results Presentation.

Mr. Clive Appleton, Chairman of Aspen Group said: "Aspen's portfolio and balance sheet are very well placed for the tremendous opportunities in the affordable accommodation space in Australia. The Mill Hill Proposal together with the RE outsourcing should position the group to take full advantage of the opportunities while immediately delivering material reductions in group overheads."

Aspen will hold an investor teleconference on Friday, 31 August 2018 at 10am (AEST). Teleconference details noted below:

Teleconference details	
Australia Dial-in Number	1300 254 410
International Dial-in Number	+61 3 8687 0634
Guest Code	2891067#

End

<i>For further information, please contact:</i> Clive Appleton Chairman Phone: (+61) 2 9151 7500 Email: homemail@aspengroup.com.au	 Joel Cann Chief Executive Officer Phone: (+61) 2 9151 7500 Email: joelc@aspengroup.com.au	 Emmanuel Zammit Chief Financial Officer Phone: (+61) 2 9151 7500 Email: emmanuelz@aspengroup.com.au
--	---	---