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ASX ANNOUNCEMENT 21 December 2018

1H FY19 DISTRIBUTION & BUSINESS UPDATE

1H FY19 DISTRIBUTION

Aspen Group Limited (ASX: APZ) is pleased to announce a distribution per stapled security of 2.3 cents per security (cps) for the 1H FY19 period. The distribution is at the lower end of the range announced at the AGM due to electricity connection delays at Four Lanterns which have pushed residence sales into Q3 FY19. Underlying earnings of the group were 2.7cps for the 1H FY19 period. The distribution represents a payout ratio of ~85% of underlying earnings.

Record Date

The record date for determining distribution entitlements is 5:00pm (EST) on 31 December 2018.

Key Dates

Ex-Distribution Date: 28 December 2018

Payment Date: On or about 26 February 2019

Distribution Reinvestment Plan

The Aspen Group Distribution Reinvestment Plan remains suspended. To ensure your bank account details for the distribution payment are current, please go to Link Market Services website <https://investorcentre.linkmarketservices.com.au> or contact 1300 554 474.

BUSINESS UPDATE

As the midpoint of the year approaches, full year FY19 underlying earnings* are expected to be in a range of 6.0 to 6.3 cps. This range anticipates:

- uninterrupted peak season trading during the Christmas / New Year holiday period for our non-Darwin assets and a regular build up to the northern dry season for Darwin;
- the ramp up of our recent Highway 1 acquisition to a running yield of 9% by the end of June 2019;
- continued expense management of corporate overheads;
- the completion of 10 residence settlements at Four Lanterns (representing a reduction of 4 from the previous forecast). Currently 6 residences have full or holding deposits. Each incremental residence sale produces additional profit of ~\$40k; and
- the re-sale of 10 residences at Mandurah Gardens each sale generating an NOI of ~\$10k.

The groups outlook assumes subdued earnings from its assets which are in the pre-stabilisation phase – in particular Barlings Beach, Tomago and Darwin FreeSpirit. Specifically:

- Barlings Beach has completed Phase 1 of its redevelopment program which includes upgrading and rejuvenation of beachfront inventory. This inventory is available for trading into the peak holiday period
- Tomago earnings are impacted by inventory withdrawals pending the site expansion / development. Currently ~10% of sites are unutilised in preparation for development works
- Darwin has produced an operating yield of ~8.6% for its first 12-month trading period noting that trading this year was impacted by the cyclone in January and an early wet season which shortened the peak tourism trade period. The FY19 operating yield from this asset is targeted to be in a range of 9.25 – 9.5%. As has been widely reported, the Darwin region has been affected by reduced tourism and workforce activity.

Acquisition funding capacity remains at ~\$25 million from existing facilities and includes the \$9.8m of restricted cash to be released once the RE transfer process is concluded. Following the \$25 million facility reduction in June 2018, Aspen expects to be able to increase its facility as future opportunities arise.

In addition, Aspen has recently received a conditional, unsolicited offer for the Aspen Karratha Village in WA at around book value.

* Underlying earnings represents operating profit before depreciation and amortisation excluding one-off and non-operating items.

END

<i>For further information, please contact:</i> 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
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