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ASX ANNOUNCEMENT
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Investor Update – Business, Portfolio and Financial

Aspen Group (which comprises Aspen Group Limited and the Aspen Property Trust) (ASX: APZ) ("**Aspen**") is pleased to provide this update and the attached presentation regarding its business, portfolio and financial guidance for FY19 and FY20, following the appointment of new Joint CEOs, John Carter and David Dixon.

Aspen is a leading provider of affordable accommodation in the Retirement, Residential and Short Stay sectors, with a fully integrated platform across operations, asset management, development and capital management. This enables Aspen to provide a broad spectrum of products and services to our target customer base under different ownership schemes and regulatory regimes: Rentals – Shared Equity – Sales.

Residential real estate is the largest asset class in Australia valued at over $6 trillion (ABS). Aspen has been accumulating a portfolio of properties that are very well suited to the affordable end of the market where there are significant supply / demand imbalances. Our portfolio's weighted average cap rate (WACR) is 9.3% and it is valued at only $64k per approved site (including both land and dwelling inventory). We believe there are ample opportunities to increase income and value from these attractive levels through more intensive management and by deploying capital across cost saving initiatives, refurbishment and new development. Our management platform has ample capacity to take on more properties and development activity and we expect to reduce our management expense ratio as the company grows.

We currently expect underlying earnings per security in the range of 6.75-7.00 cents in FY20 – an increase of more than 27% on an expected 5.00-5.30 cents for FY19. Distribution is expected to be 6.00 cents per security in FY20, within a targeted payout range of 80-90%, and equating to a 20% increase on the FY19 distribution of 5.00 cents per security. A distribution of 2.70 cents per security has been declared for the second half of FY19.

Five properties, representing approximately 40% of total portfolio value, have been revalued in preparation for the full year accounts. The net devaluation of these properties is $2.87m, which is mostly attributable to the devaluation of Tomago Village where income has declined as we have deliberately moved away from short-stay customers for its redevelopment into a rental and or land lease community. We are now moving ahead with Stage 1A of this defining project which is expected to cost $7-8m. The carrying value of Aspen's other five properties will be considered by the Board during preparation of the full year accounts over the next 1-2 months. Operating profits at Adelaide Caravan Park, Mandurah Gardens and Aspen Karratha Village (AKV) are above the most recent valuation assumptions, Highway One has performed reasonably through the ownership transition since it was acquired last year, and Darwin FreeSpirit Resort has underperformed expectations, somewhat due to disruptive management changes and unfavourable seasonal conditions. Additionally, we have received unsolicited, indicative and conditional bids for AKV at above book value. We are currently forecasting net asset value in the range of $1.10-1.15 at 30 June 2019.

Aspen has strong financial capacity to take advantage of the tremendous opportunities that lie ahead. It currently has balance sheet gearing of only 17%, our customers bring funding to the table under our shared equity schemes, and we have access to 3rd party equity capital if it makes sense to both parties. Aspen now earns fees for managing the two Mill Hill Capital funds with "buy-fix-sell" strategies that are undertaking large accommodation projects in South Australia. These funds have total assets of over $20m and minimal debt, with the equity owned by a number of sophisticated high net worth investors.

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