



Aspen Group Limited
ABN 50 004 160 927

Aspen Property Trust
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ASX ANNOUNCEMENT 23 March 2020

Investor Update

Withdrawal of Earnings Guidance Due to COVID-19 Event

Aspen Group (which comprises Aspen Group Limited and the Aspen Property Trust) (ASX: APZ) (Aspen) announces that it has withdrawn its FY20 earnings and distribution guidance due to the COVID-19 event. Underlying earnings were ahead of guidance to the end of February 2020 (last two months not audited), but the remaining four months are now highly uncertain. We have taken action to ensure the health, safety and well-being of our staff, customers and suppliers, and this will remain our utmost priority during this difficult time.

Aspen owns a highly diversified portfolio of residential, retirement and short stay (worker and tourist) accommodation that is typically priced at the lower end of their markets. We own and control 100% of all of our properties.

We have been diligently acquiring a portfolio of properties at prices well below usual replacement cost, in our opinion, which enables us to offer quality accommodation at competitive rents. Our portfolio is currently valued at \$73,000 per approved site (including dwellings on 35% of the sites) and 8.17% weighted average capitalisation rate (WACR). Our land lease products typically rent for \$140-\$170 per week and our dwelling products typically rent for \$270-\$350 per week.

Our short stay tourist product is likely to be the most impacted by the various isolation rules being implemented across the country. We have been converting our least productive (and seasonal) short stay cabins into longer term rental product (eg. 43 cabins at Darwin Freespirit Resort), which increases income certainty and reduces variable costs. We are currently ramping up these efforts.

Aspen's development exposure is immaterial at less than 3% of total gross assets. At Tomago we intend to complete the civil and community upgrade works at an expected cost of \$3.7 million and seek to match production of the new houses with sales under a land lease model.

Aspen's balance sheet is robust. Our Westpac debt facility does not expire until November 2022 and it has a total limit of \$71 million of which \$18 million is currently unutilised. Loan to Value Ratio is currently approximately 33% (versus 50% covenant) and Interest Cover Ratio was 6.2x in 1H FY20 (versus 2.0x covenant). \$25 million of our 3-month floating bank bill swap rate exposure has been fixed to 30 January 2023 at 81bps and the remainder is floating.

Authorised by the Chairman of the Board.

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Aspen is a leading provider of quality accommodation on competitive terms in the Retirement, Residential and Short Stay sectors. Aspen has a fully integrated platform across operations, asset management, development and capital management which enables it to provide a broad spectrum of products and services to its customers under different regulatory regimes and schemes: Rentals – Shared Equity – Sales.

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