Aspen Group Limited
ABN 50 004 160 927

Aspen Property Trust
ARSN 104 807 767

21 Oxford Street
Bondi Junction NSW 2022

Telephone: 02 9151 7500

Email: homemail@aspengroup.com.au

ASX ANNOUNCEMENT
29 November 2019

Chairman's and CEO's Address - 2019 AGM

Chairman's Address

Ladies and Gentlemen,

Welcome to the Annual General Meeting of Aspen Group for the year ending 30 June 2019.

We have entered the new financial year with positive momentum after combining the management teams of Aspen and Mill Hill Capital and appointing David Dixon and John Carter as Joint Chief Executive Officers in March 2019. Aspen is now very well positioned with its enhanced management team, fully integrated platform and broad product and service offering.

In FY19 Aspen Group produced Underlying Earnings per Security of 5.15 cents which was up 8% on FY18. Distributions per Security totaled 5.00 cents which was up 19% on the prior year. Aspen's stock produced a total return of 15.7% including a 5.2% distribution yield and 10.5% increase in price.

Business Improvements

Aspen's business has improved materially over the past year. Our strategy is now aligned with the entire opportunity in affordable accommodation which has materially lifted our prospects of growing profitably. Our culture has improved with greater collaboration across the platform, and quicker decision-making and hence action. Our information systems are more accurate and faster, which has enabled more dynamic pricing and control of variable costs in our short stay products.

Marketing & sales efforts have intensified at the property level and Aspen's new website will launch soon.

Corporate overheads, transaction costs and controllable property expenses have all been reduced. Aspen's capital position has been enhanced with a larger and more flexible debt finance facility, the proposed capital reallocation, and a broader spread of securityholders on Aspen's register. Stakeholder communications has improved, including through greater disclosure. Momentum is increasing.

I would like to thank all of Aspen's employees at head office and the properties for their hard work and commitment through the responsible entity and senior management transition. They have been instrumental in the group's transformation in recent times.

Clive Appleton

CEO's Address

Business Model

We believe Aspen's opportunities are tremendous within Australia's $7 trillion residential markets. Aspen provides the entire spectrum of accommodation products and services to households on competitive terms. Our customers range from single to large family households of all ages. We believe our addressable market is worth over $1 trillion considering about 6.5 million households (70% of total) are either renting or servicing a mortgage and that 1.5 million are considered "stressed", that is, paying more than 30% of gross income on housing costs. This is despite 1.3 million households receiving Commonwealth Rent Assistance totaling over $4.4 billion annually.

Portfolio

Since 30 June 2018, Aspen's total property portfolio has increased by 50% to $158 million. Subsequent to the end of FY19, we acquired two apartment buildings with a total of 42 dwellings in Lindfield, Sydney at an average price of $206,000 per dwelling, and 84 residential dwellings in Perth at an average price of $238,000 per dwelling. In our opinion, both these portfolios were acquired at material discounts to the current retail price and replacement cost of the individual dwellings. This enables us to provide competitively priced accommodation to our customers, whilst also achieving attractive investment returns.

Aspen's total portfolio is attractively valued on a weighted average capitalisation rate (WACR) of 8.3% and an average of $72,000 per approved site including land and dwellings. The majority of Aspen's portfolio is now located in major metropolitan areas and in properties which derive a majority of net income from term leases (not short stay business). All of Aspen's properties are well suited to the provision of accommodation on competitive terms in their local markets. They also typically have the potential to be profitably repositioned and developed into higher value uses over time.

Post the debt funded acquisitions of the Lindfield Apartments and Perth Portfolio, Aspen's drawn bank debt has increased to $52 million and gearing is approximately 29%, which is comfortably below our debt facility covenant of 50%. We recently increased the total limit of our debt facilities with Westpac from $55 million to $71 million plus an accordion of $20 million. The term has been extended out 3 years and some facility terms have been amended to provide greater flexibility. Total line fee and margin is 1.80% above BBSW.

Financial Performance – First 4 Months of Financial Year 2020 (FY20)

Aspen's total Underlying Earnings are in line with budget for the first four months of FY20 and Underlying Earnings and distribution guidance for FY20 remains at 6.75-7.00 cents per security and 6.00 cents per security respectively.

Total Property Net Operating Income (NOI) was slightly below budget due to the underperformance of Darwin Freespirit Resort (DFR) during its peak season whilst most of the portfolio's other short stay properties were in their low season. We believe DFR outperformed the market with an increase in room nights sold compared to the previous corresponding period, however we had to reduce rates to remain competitive in the marketplace. We have implemented several measures at DFR which are expected to improve profitability going forward. We have added a solar system and reconfigured the electricity metering which is expected to reduce electricity cost by more than $80,000 annually. We are now renting more than 30 of our least productive short stay cabins which has more than doubled annual income from these dwellings to over $300,000 and also reduced operating costs. We are in the process of improving the F&B and entertainment offering by installing a new marquee and a gaming room which is expected to be open during the third quarter of FY20.

Compared to budget, the total NOI of Aspen's other properties was above, Development Profit was in line, and corporate overheads and interest expense were below.

Aspen's development and trading activity will be increasing with the addition of new dwellings at Tomago and some of our other parks. In most instances, we have the option to sell the dwellings under a land lease arrangement, which would generate development profits, or to rent the dwellings. Aspen now also has the opportunity to generate trading profits through capital recycling opportunities in the Lindfield Apartments and Perth Portfolio. Additionally, development and sales activity has been increasing at the CREST @ Woodside residential project and the Coorong Quays residential and retirement project which are managed by Aspen in return for project management fees.

Outlook

We continue to explore opportunities to grow the portfolio profitability through developing existing properties and acquisitions in the tourist parks, retirement and residential sectors. Our medium-term goal is to at least double the size of the portfolio to make better use of Aspen's fully integrated operating and development platform and to reduce the management expense ratio to a sustainable level.

David Dixon and John Carter

END

For further information, please contact:	
David Dixon Joint Chief Executive Officer Phone: (+61) 2 9151 7584 Email: davidd@aspengroup.com.au	John Carter Joint Chief Executive Officer Phone: (+61) 2 9151 7586 Email: johnc@aspengroup.com.au

2019 AGM

29 November 2019

Contents

Darwin FreeSpirit Resort, NT

1

Chairman's Address

aspen

Chairman’s Address 1.0

- Aspen has commenced FY20 with positive momentum after the combination of Mill Hill Capital and Aspen management teams in March
- Aspen is now very well positioned to take advantage of the tremendous opportunities in providing competitively priced accommodation in the residential, retirement and short stay sectors
- Aspen’s business has improved materially over the past year:
  - Strategy: targeting the entire customer base that requires competitively priced accommodation
  - Culture: improved collaboration across the platform; quicker decision-making and actioning
  - Systems: more accurate and timelier - has enabled more dynamic pricing of our short stay product (to maximise revenue) and improved control of variable costs (matching labour needs with occupancy)
  - Marketing & Sales: marketing at the property level has intensified; Aspen’s new website which will be launched soon
  - Cost control: reductions in corporate overheads, transaction costs and property operating expenses that we control
  - Momentum: growing the company with attractive acquisitions
  - Capital Management: larger and more flexible debt finance facility; improved capital structure with the proposed capital reallocation; improved spread of securityholders on Aspen’s register
  - Stakeholder communication
- Financial performance FY19:
  - Underlying EPS of 5.15 cents – up 8% on FY18
  - DPS of 5.00 cents – up 19% on FY18
- Guidance for FY20:
  - Underlying EPS of 6.75-7.00 cents – up at least 31% on FY19
  - DPS of 6.00 cents – up 20% on FY18
- We appreciate the support of all our employees, securityholders, financier and other stakeholders during the transition period and we very much look forward to a productive future for all

Four Lanterns Estate, NSW

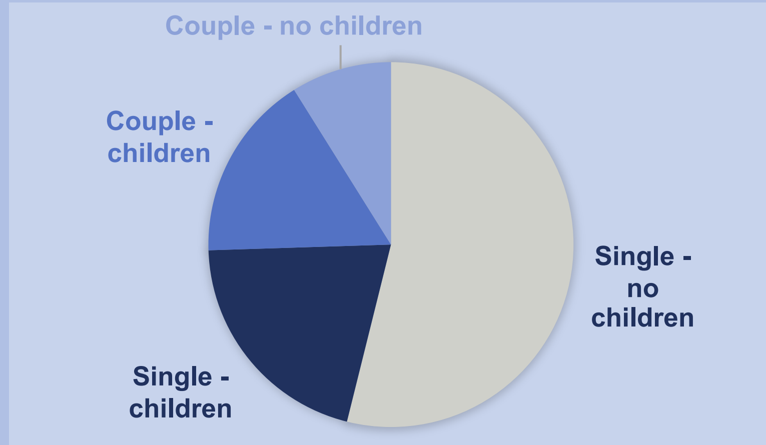
2

CEO's Address

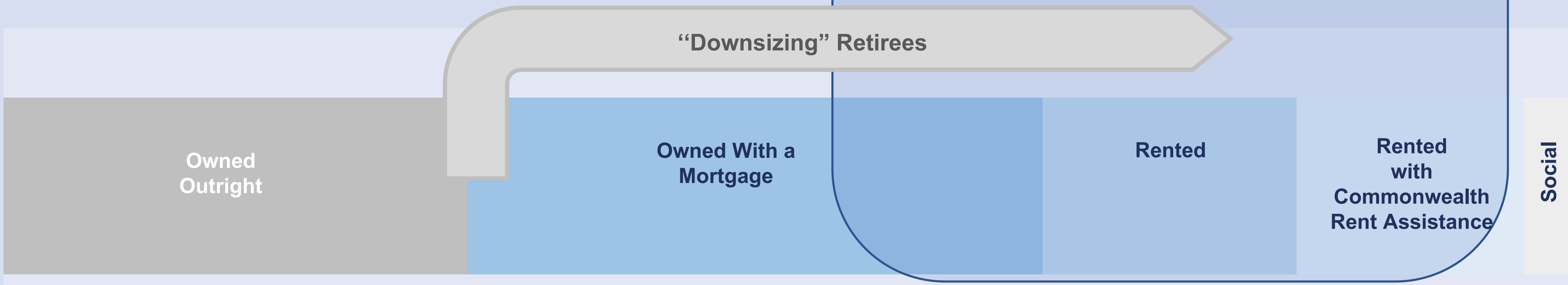
Aspen's Opportunity 2.0

- Aspen is uniquely positioned amongst ASX-listed groups:
  - Provider of a broad spectrum of accommodation products and services on competitive terms in the residential, retirement and short stay sectors
  - Accommodating both single/couple and family households
  - Truly affordable end of the market
- Aspen's addressable market is worth over $1 trillion:
  - Australia's residential market is worth over $7 trillion
  - 70% of households either have a mortgage (37%) or rent (33%)
  - About 1.5 million households are considered "stressed" – ie. pay more than 30% of gross income on rent or mortgage repayments
    - This is despite about 1.3 million households receiving Commonwealth Rent Assistance (CRA) totalling $4.4 billion annually

ADDRESSABLE MARKET VALUE > $1 trillion



CRA Household Split



Composition of Australia's 9.3 Million Households by Tenure (source: ABS)

Aspen's Portfolio 2.1

Aspen's current product / service offering includes:

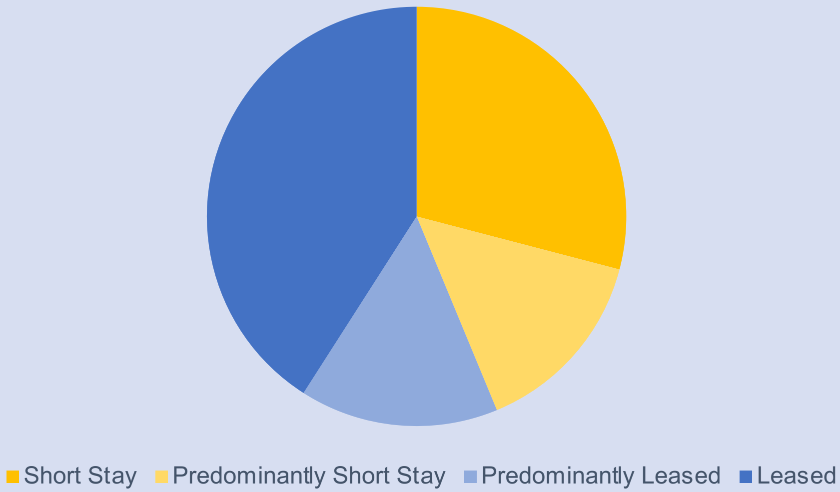
- Land Leases:
  - Resident owns the dwelling and leases the underlying land from Aspen
  - Land rent typically $125-225 per week
  - eg. Land Lease Communities (Four Lanterns, Mandurah Gardens) and Parks (Highway 1, Barlings Beach)
- Rentals:
  - Resident rents the dwelling and land from Aspen
  - Rents typically <$350 per week
  - Eg. Singles/couples dwellings (Tomago, Lindfield Apartments, Darwin FSR) and family dwellings (Perth Portfolio)
- Short stay:
  - When additional profitability is sufficient to justify the operational intensity and risks
  - Usually as a prelude to conversion to higher and better use of the land (eg. ACP and Tween Waters are already approved for medium-density residential)

Majority of portfolio is located in major metropolitan areas and rented / leased (ie. not short stay)

Total portfolio valued at $72,000 per approved site (including land and dwellings) on a weighted average capitalisation rate (WACR) of 8.3%

Property Type by Location (value weighted)

Property Type by Lease Tenure (value weighted)



Recent Acquisitions 2.2

Perth Portfolio

- 84 residential dwellings located in the Southern beachside and North-eastern suburbs of Perth
- Family-oriented housing product with average rent of $351 per week:
  - Typically 3 or 4 bedrooms, 2 bathrooms and 2 car garage / carports averaging 189sqm per dwelling (total floorspace of c.16,000sqms)
  - Good mixture of land sizes - courtyards through to large yards averaging 414sqms of land per dwelling (total land area of c.35,000sqms)
- Built between 2000 – 2016 (average age - 11 years)
- Built for rental purposes with durable maintenance-saving initiatives
- Purchase price of $20 million (pre transaction costs):
  - $238,000 per dwelling
  - Expected fully leased net yield of 4.2%

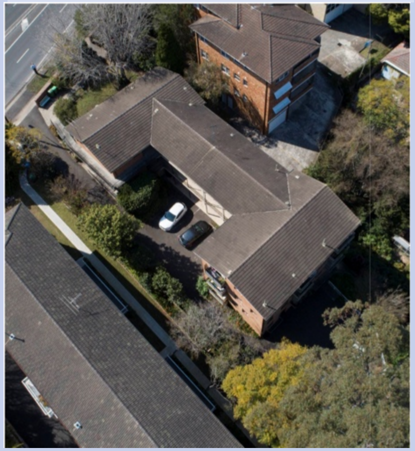
Baldivis Townhouses

Lindfield Apartments

- Two residential apartment buildings located at Treatts Road and Pacific Highway Lindfield - 14km north of Sydney CBD
- 37 studio and 5 1-bedroom apartments averaging 40sqms per dwelling
- Single/couple-oriented housing product
- Current residents have a mix of Retirement Village (RV) contracts at an average weekly rent of $112 and standard Residential leases at an average weekly rent of $326
- RV residents are on leases - not traditional DMF model
- Purchase price of $8.65m (pre transaction costs):
  - $206,000 per dwelling
  - Expected fully leased net yield of 3.0% (with current tenant mix)

Treatts Rd

Pacific Hwy



Financial Update – First 4 Months FY20

2.3

- **FY20 guidance maintained:**
  - **Underlying EPS of 6.75-7.00 cents per security**
  - **Distribution of 6.00 cents per security**

- First 4 months of FY20:
  - Total Property Net Operating Income (NOI) slightly below budget:
    - Darwin Freespirit Resort (DFR) revenue and NOI below budget and the previous corresponding period – but largely offset by outperformance of rest of portfolio, particularly Barlings Beach and Highway 1
    - Several initiatives completed or underway at DFR that will improve future NOI: solar / electricity metering; converting underperforming short stay product into rentals, doubling in income and reducing servicing costs; improved entertainment facilities including marquee and new gaming machine room to be complete during Q3
  - Development Profit in line with budget
  - Net corporate overheads and interest expense below budget

- Development and trading activity is increasing:
  - Addition of new dwellings at Tomago and other parks that can be sold under a land lease arrangement or rented
  - Increasing sales and development activity at the CREST @ Woodside and Coorong Quays projects – Aspen earns project management fees
  - New opportunity to generate trading profits through recycling in Lindfield Apartments and Perth Portfolio

Financial Update

2.4

- Balance sheet:
  - Post the debt funded acquisitions of Lindfield Apartments and Perth Portfolio, drawn debt is $52 million and gearing is approximately 29% - comfortably within covenant limit of 50%
  - Westpac debt facility:
    - Total limit increased from $55 million to $71 million with an additional accordion of $20 million
    - Term extended out 3 years
    - Some term amended to provide greater flexibility
    - Total line fee and margin of 1.80% above BBSW

Disclaimer

This presentation has been prepared by Aspen Group Limited on behalf of Aspen Group Limited and Aspen Property Trust (“Aspen”) and should not be considered in any way to be an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, and neither this document nor anything in it shall form the basis of any contract or commitment. Prospective investors should make their own independent evaluation of an investment in Aspen. Nothing in this presentation constitutes investment, legal, tax or other advice. The information in this presentation does not take into account your investment objectives, financial situation or particular needs. The information does not purport to constitute all of the information that a potential investor may require in making an investment decision.

Aspen has prepared this presentation based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Aspen, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

This presentation contains forward looking information. Indications of, and guidance on, future earnings, distributions and financial position and performance are forward looking statements. Forward looking statements are based on Aspen’s current intentions, plans, expectations, assumptions, and beliefs about future events and are subject to risks, uncertainties and other factors which could cause actual results to differ materially. Aspen and its related bodies corporate and their respective directors, officers, employees, agents, and advisers do not give any assurance or guarantee that the occurrence of any forward-looking information, view or intention referred to in this presentation will actually occur as contemplated. All references to dollar amounts are in Australian currency.