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Investor Update – New Acquisition in Lindfield, Sydney

Aspen Group (which comprises Aspen Group Limited and the Aspen Property Trust) (ASX: APZ) (Aspen) is pleased to announce that it has entered into contracts to acquire two apartment buildings at Lindfield, about 14kms north of the Sydney CBD (Lindfield Apartments). The expected settlement date is late August 2019.

The properties are located in close proximity to each other on Treatts Road and Pacific Highway Lindfield and are about 700-800m from Lindfield train station and retail precinct. The buildings comprise 42 studio and 1-bedroom apartments that are currently occupied under a mix of Retirement Village and standard Residential leases. Aspen's fully integrated platform enables it to provide quality services to both customer types and to improve the value of the properties over time through refurbishment and redevelopment. Both properties are highly suitable for the provision of affordable accommodation in this highly attractive suburb in Sydney. The Treatts Road property is located in a low-density heritage conservation area and it would be very difficult to replicate its built scale in this locality. The Pacific Highway property is located in a major transport thoroughfare, is zoned for high-density residential and significantly more floorspace is allowed on the site.

The Lindfield Apartments are being acquired for \$8.65m pre transaction costs (\$206k per unit) from a not-for-profit provider of aged care and retirement services. The expected first year yield is around 3%. The current average weekly rents are \$112 for the Retirement Village tenants and \$326 for the Residential tenants. The median sales price of a 1-bedroom apartment in Lindfield is over \$650k (Realestate.com.au) and only two apartments sold for less than \$400k over the past 12 months (CoreLogic).

The acquisition is expected to be funded with debt and FY20 guidance remains unchanged for underlying earnings per security of 6.75-7.00 cents and distribution per security of 6.00 cents.

Please refer to the attached presentation for more information.

END

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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. Aspen provides a broad spectrum of products and services to its customers under different ownership and regulatory schemes: Rentals – Shared Equity – Sales.

For personal use only



Acquisition - Lindfield Apartments, Sydney

For use only



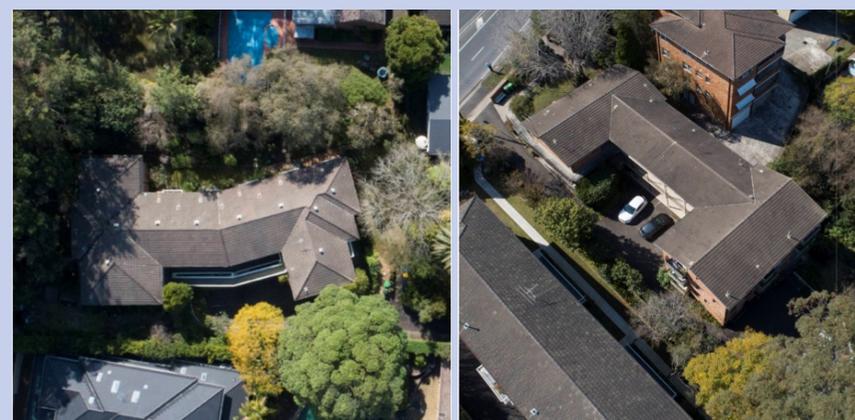
25 June 2019

Foreground: Chatswood. Background: Sydney CBD

Acquisition Summary

Overview

- Two residential apartment buildings located at Treatts Road and Pacific Highway Lindfield - 14km north of Sydney CBD and 700-800m from Lindfield train station and retail precinct
- Vendor is a not-for-profit provider of aged care services
- 37 studio and 5 1-bedroom apartments
- Purchase price of \$8.65m - \$206k per unit and expected yield of 3.0% (pre transaction costs)
- Valuer General's unimproved land value of \$7m is about 80% of purchase price
- 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
- Highly affordable and competitive accommodation product in the Lindfield locality
- 88 apartments sold in Lindfield over the past 12 months – only two sold for less than \$400k (CoreLogic)
- RV residents have been exiting over time and replaced with standard residential residents
- Majority of RV rents are contracted to increase by 5% per annum from the low base
- Opportunity to refurbish the Treatts Road property (already well over its plot ratio) and redevelop the Pacific Highway property (currently under its plot ratio) into a modern affordable accommodation facility in future



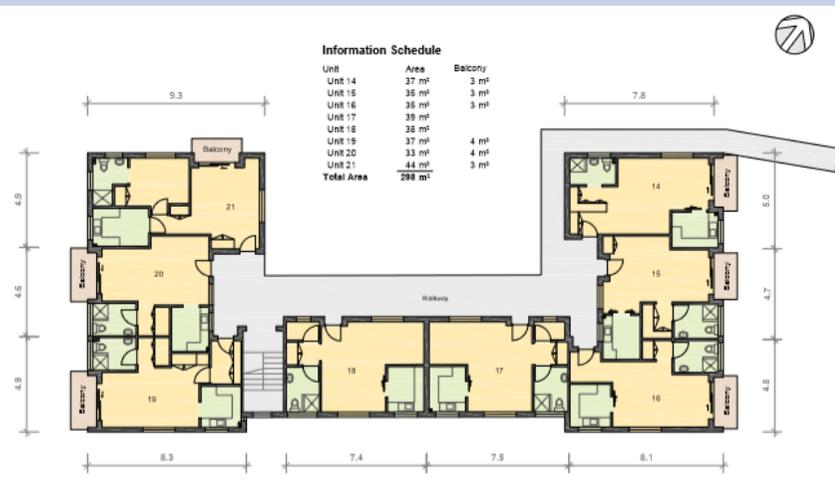
Comparable Transactions

Property	Purchase Date	State	Price (\$m)	Site Area (m2)	Units	Unit Size sqm	Value per Unit (\$k)	Value per sqm of Land (\$)	Yield
16 Treatts Road Lindfield	June-19	NSW	4.12	1,929	20	42	206	2,135	3.00%
466 Pacific Highway Lindfield	June-19	NSW	4.53	1,560	22	36	206	2,903	3.00%
2 Beaconsfield Pde Lindfield	Mar-18	NSW	4.65	556	11	36	423	8,363	VP
5 Roseville Avenue Roseville	Sep-16	NSW	4.45	927	12	38	371	4,800	VP

VP = Vacant Possession

Lindfield Apartments

466 Pacific Highway Lindfield



16 Treatts Road Lindfield



Lindfield Urban Renewal - Village Green and Community Hub

The Lindfield Village Green (LVG) project is to deliver a vibrant, safe and meaningful civic space for Lindfield residents, business people, commuters, shoppers and visitors as part of Ku-ring-gai Council's 'Activate Lindfield' initiative.

The initiative incorporates two projects – LVG and the Lindfield Community Hub. The LVG project incorporates about 2,700m² of public open space, a basement car park and a pavilion building including cafe floor space and public amenities.

The site is located 50m east of Lindfield train station. The area surrounding the site is subject to urban renewal with a number of major redevelopments being proposed or recently completed.

Following the call for tenders, construction is scheduled to begin later this year or early 2020.

View towards Water Feature from Kochia Lane

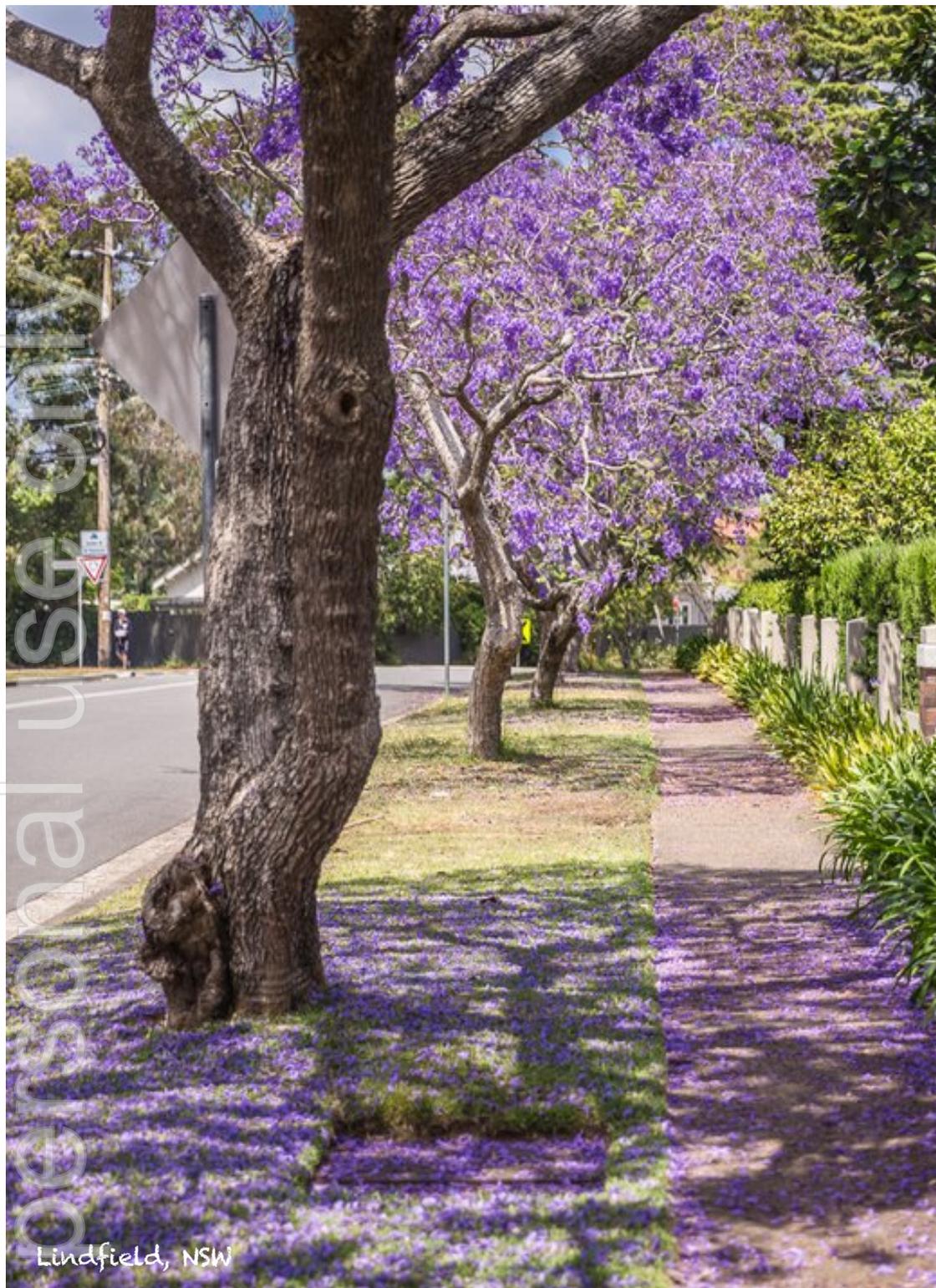


The Village Green



Cafe Pavilion viewed from Kochia Lane





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Lindfield, NSW

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