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MARKET RELEASE

ASX ANNOUNCEMENT 20 December 2016

Aspen Group creates ownership cluster on NSW South Coast with the acquisition of Barlings Beach Holiday Park and announces earnings update

Aspen Group Limited (ASX: APZ) is pleased to announce that it has exchanged contracts for the acquisition of Barlings Beach Holiday Park (Barlings Beach). The purchase price of \$13.3 million for Barlings Beach reflects an initial yield of 9.1%, excluding acquisition costs, and the asset will be immediately accretive to earnings. The total purchase price of \$13.3 million includes a structured element whereby \$1.3 million will be deferred one year post settlement.

Barlings Beach enjoys an absolute beachfront position and is nearby to Batemans Bay on the NSW South Coast. It is a freehold tourism park on 8.8 hectares consisting of 259 total sites, with 197 of these sites comprising annuals and permanent residents. A large percentage of annuals / permanent residents provides a stable and consistent monthly cash flow. Furthermore, Aspen sees potential growth in returns through its hands-on asset management approach. The acquisition of Barlings Beach, which is located only a two-hour drive from the recently acquired BIG4 Tween Waters Holiday Park, establishes an ownership cluster centred on the NSW South Coast.

Commenting on this acquisition, Aspen Group Chief Executive Officer Joel Cann said:

“The acquisition of Barlings Beach is in line with Aspen Group’s stated focus to become an industry leader in the affordable accommodation sector.

“With its direct beach access, attractive initial yield and consistent cash flow, Barlings Beach is yet another high quality tourism asset within the Aspen Group accommodation portfolio.”

Upon completion, the acquisition will be funded from existing cash holdings of Aspen Group, with settlement scheduled to occur in late January 2017. Aspen also advises that settlement of the BIG4 Tween Waters Holiday Park (Tween Waters), has now occurred.

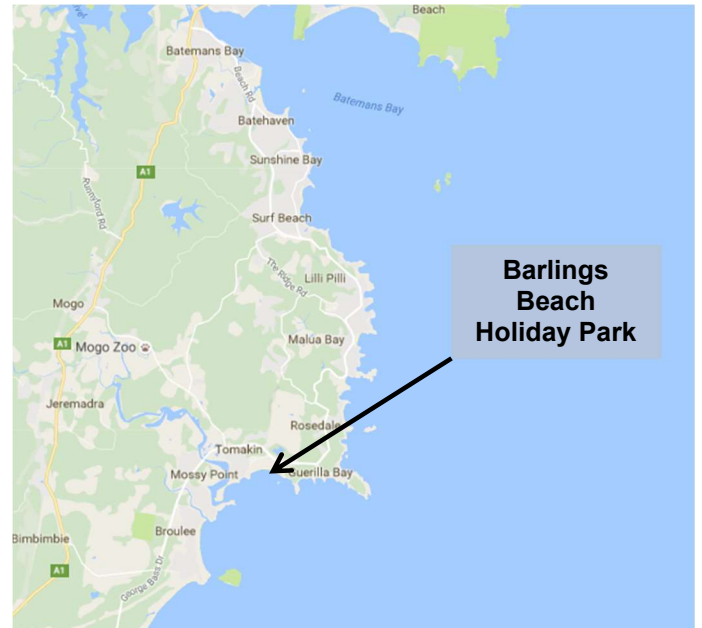
The Barlings Beach announcement adds to the previously advised Koala Shores and Tween Waters acquisitions. Aspen advised at its AGM presentation that FY17 distributable earnings were expected to exceed 4.5 cents per security. Aspen now advises that subject to completion of all acquisitions in early 2017 as planned, distributable earnings[#] are expected in the range of 4.8 to 5.3 cents per security. Aspen will advise distribution guidance in conjunction with the release of the H1 FY17 results in February.

[#] Distributable earnings represented by net profit after tax excluding property depreciation and non-underlying items less stay in business capex.

END

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Location map



Source: Google maps

Property photos

