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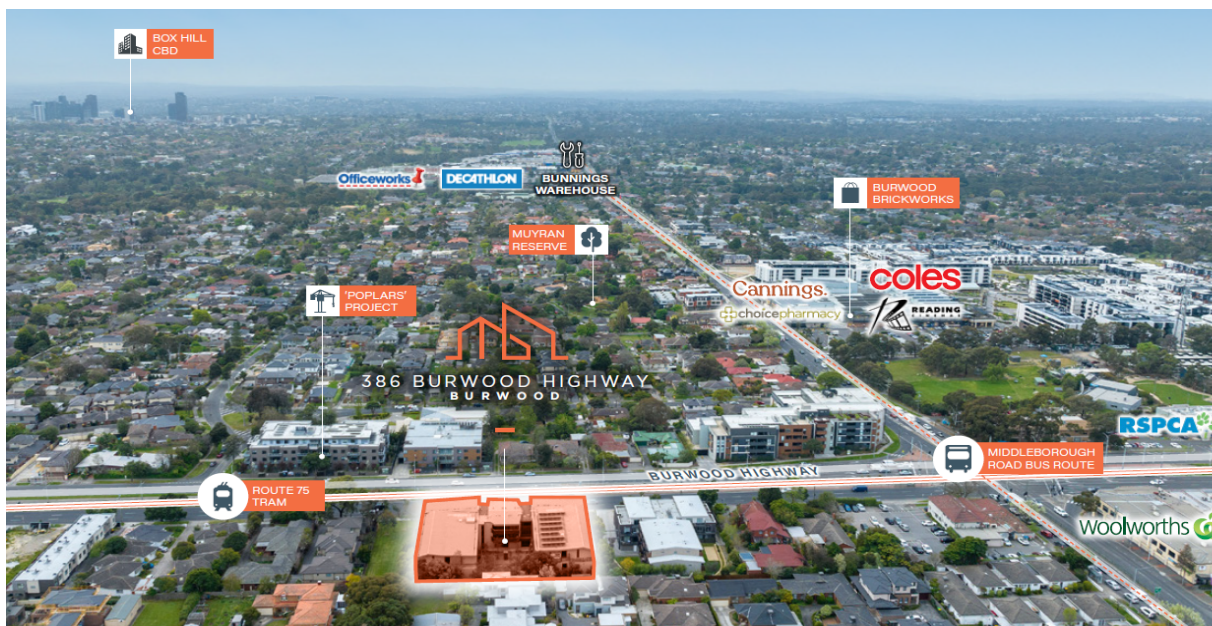
ASX ANNOUNCEMENT

4 December 2023

Aspen Group Acquisition – 386 Burwood Highway, Burwood Victoria

Aspen Group (ASX: APZ) (Aspen) is pleased to announce that it has entered into a conditional contract to acquire 81 apartments at 386 Burwood Highway, Burwood Victoria via a liquidation sale. Settlement is expected to occur on 1 March 2024.

Burwood is 17kms east of Melbourne CBD and is home to Deakin University's Melbourne Campus which has about 28,000 staff and students. It has good transport links and facilities such as the Brickwork's Shopping Centre and Gardiners Creek Reserve. Chadstone Mall is 5kms south. In Burwood the median house price is \$1.44m and median apartment price is \$850k, 40-50% higher than metropolitan Melbourne¹.



1. Realestate.com.au – December 2023

386 Burwood Highway, Burwood Victoria

The modern 4 level apartment complex opened in late 2013. It comprises 136 self-contained apartments averaging about 24sqms with a bed (double) / lounge / dining area, kitchenette, bathroom, and private balcony. They are furnished and air conditioned. The communal facilities include a reception area, orchard garden, library, common rooms, laundry, storage, and basement parking.

The land is zoned Residential Growth, and the complex is approved for student accommodation. The apartments are leased under Residential Tenancy agreements with a typical term of 12 months.

The complex has been strata titled into 136 individual apartments. Aspen is acquiring 81 of the apartments in one line, and with 61% of the strata entitlements will control the Owners Corporation for matters requiring ordinary resolutions including property management.

Student Housing Australia currently manages and leases the apartments under a contract that terminates at settlement. Aspen owns and operates similar properties such as Uniresort Upper Mount Gravatt QLD, CoVE Cooks Hill NSW, and CoVE Maylands WA. We will determine the optimal branding and management of 386 Burwood Highway prior to settlement.



Pricing

Purchase price is \$8.11 million equating to \$100k per apartment. Individual strata apartments have recently sold for \$138k and replacement cost is higher in our opinion.

Current occupancy is 100% and rents are highly competitive at only \$270 per week on average. Initial net income is expected to be at least \$600k annualised, equating to 7% yield on total cost. We will seek to improve net income and asset value through enhancing the property and management, increasing rents and ancillary revenues, and reducing costs. There will also be opportunities around the other 55 strata apartments owned by 3rd parties.

Funding

The acquisition will be funded with debt or recycling capital out of existing properties that have higher rent points and lower yields of about 3%.

Announcement authorised by the Board of Aspen Group Limited.

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