



Aspen Group Limited  
ABN 50 004 160 927

Aspen Property Trust  
ARSN 104 807 767

Suite 21, 285A Crown Street  
Surry Hills NSW 2010

Telephone: 02 9151 7500

Email: [homemail@aspengroup.com.au](mailto:homemail@aspengroup.com.au)

## ASX ANNOUNCEMENT 23 July 2021

### Acquisition – Wodonga Gardens Retirement Estate

Aspen Group (ASX: APZ) (“**Aspen**”) is pleased to announce that it has entered conditional contracts to acquire the Wodonga Gardens Retirement Estate (“**Wodonga Gardens**”) in West Wodonga, Victoria from Wodonga Gardens Retirement Estate Pty Ltd. Settlement is expected to occur in August 2021.

The acquisition will increase Aspen’s retirement assets<sup>1</sup> to seven across four states and land development pipeline by 49% to 370 approved sites.

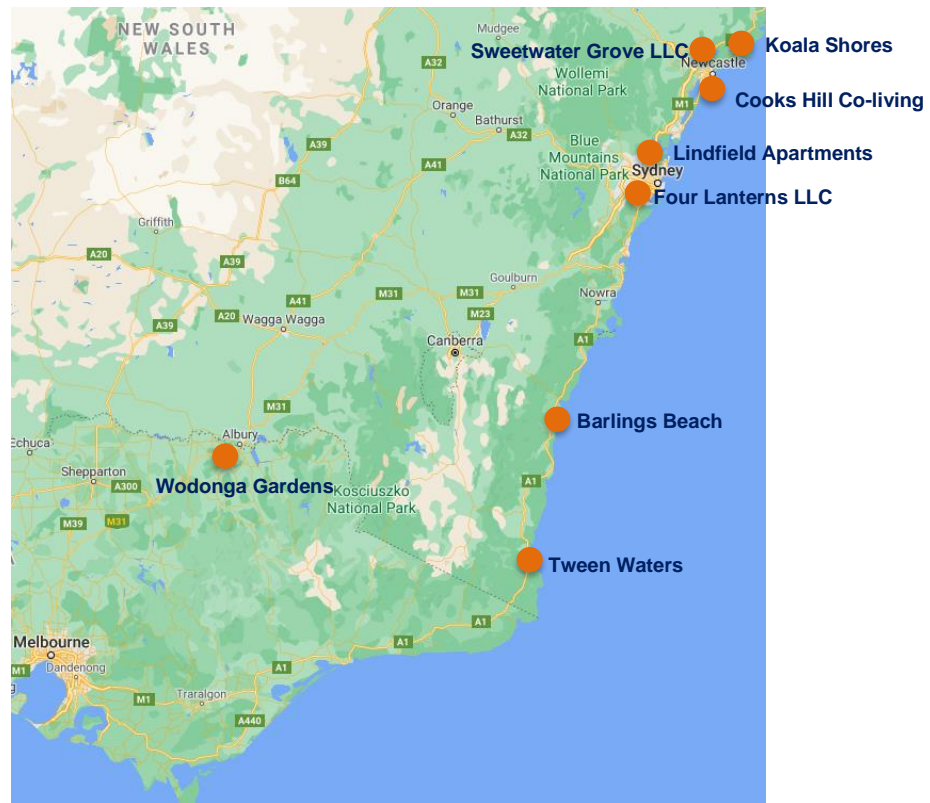
We expect the acquisition to be accretive to both NAV and EPS over the medium term.



<sup>1</sup> Including Mount Barker, SA (STCA) and Alexandrina Cove Lifestyle Village in Coorong Quays, SA which is managed by Aspen.

## Location

West Wodonga is located within the NSW-Victoria border region of Albury-Wodonga. Wodonga is on the Victorian side of the border and is about 3.5 hours by car and express train to the Melbourne CBD. It is about 3.5 hours by car to Canberra. The region is serviced by Albury Airport with flight times of 55 minutes to Melbourne and 75 minutes to Sydney.



The Significant Urban Area (SUA) of Albury-Wodonga is around the 20<sup>th</sup> largest in Australia with a population of approximately 100,000 people. It is a major regional hub with a diverse economy and its socio demographics are typical of Australian averages (2016 census):

2016	Australia	Albury Wodonga SUA	West Wodonga SA2
Population	23.4m	89,007	<b>14,955</b>
Median age – years	38	38	<b>37</b>
Population >50 years	34%	35%	<b>34%</b>
Population growth 2011-2016	8.8%	11.1%	<b>2.6%</b>
Average number of people per household	2.6	2.4	<b>2.5</b>
Professional Workers – % of total	22%	18%	<b>16%</b>
Technician and Trades Workers - % of total	14%	16%	<b>15%</b>
Clerical & Administration Workers - % of total	14%	13%	<b>14%</b>
Community & Personal Service Workers - % of total	11%	13%	<b>13%</b>
Median household income – weekly	\$1,438	\$1,213	<b>\$1,315</b>
Unemployed	6.9%	6.5%	<b>5.7%</b>



## Wodonga Gardens Retirement Estate

Wodonga Gardens is the largest retirement village under development in Albury-Wodonga. The property spans 8.8 hectares and is approved for a Retirement Village with 172 houses of which 51 have been built and leased to date. It has a large, good quality community building which was completed in 2020, and road and site infrastructure is in place for approximately the next 20 houses. The average age of the residents is about 75 years.

The existing houses are occupied under a traditional retirement village 'loan/lease' agreement with total exit fees of up to 36%. Recent sales of the houses have been priced around \$300,000 on average equating to average total exit fees \$108,000 per house.

## Aspen's Plan

Our aim is to provide the accommodation on more competitive terms whilst still generating attractive investment returns.

We are considering developing and selling future houses under a land lease community model (LLC) as we believe the product is more appealing to customers. Under the LLC model the customer owns their house and they may be eligible for Commonwealth Rent Assistance to cover some of the land rent. For the existing village residents, we could reduce total exit fees to around 25% which, upon re-leasing, should make the houses more appealing to incoming residents and result in outgoing residents receiving higher proceeds. We restructured our Fund's Alexandrina Cove Lifestyle Village at CQ along similar lines and this has resulted in higher sales prices and volumes, and attractive returns for our investors.

Albury-Wodonga is a large and growing market, and we expect to be able to develop and sell at least 10 houses per annum, which is consistent with the sales rate over the past few years. There are currently holding deposits for 8 new homes for the next stage that has not yet commenced.



## Pricing

The purchase price is \$6.01 million (excluding transaction costs), equating to about \$35,000 per approved site including the existing 51 dwellings under retirement village contracts.

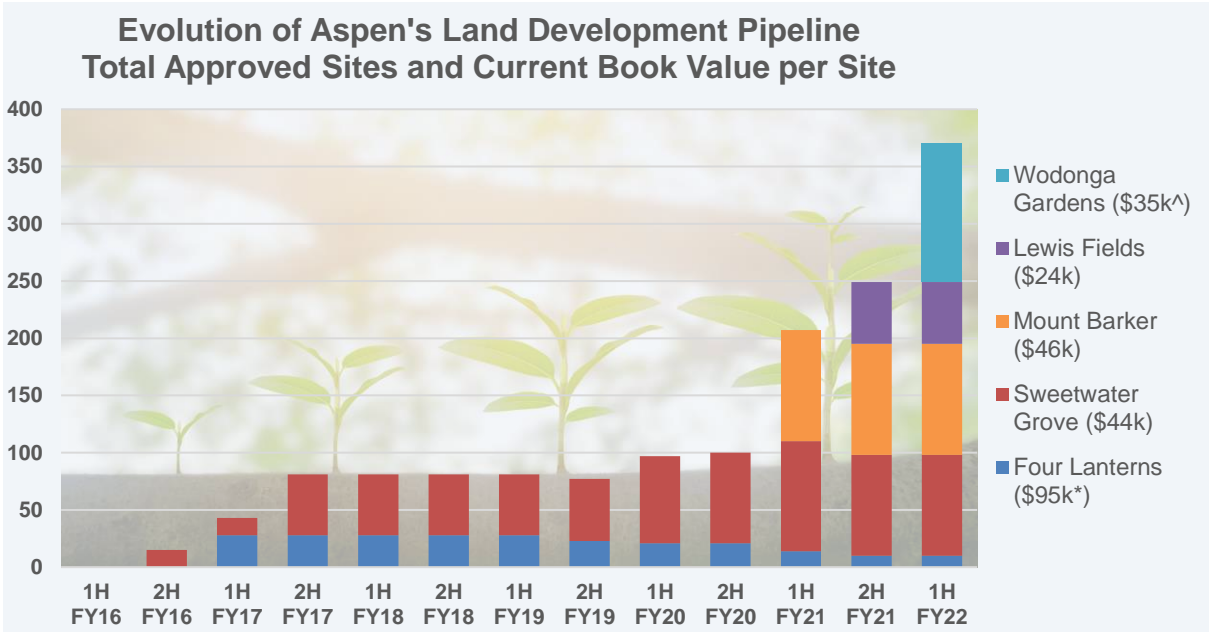
The existing dwellings have a current re-leasing value of around \$15.3 million (average of \$300,000 per dwelling) in our opinion, which equates to maximum exit fees payable under the existing contracts of about \$5 million. These fees would reduce to about \$3.8 million if we reduced total exit fees to 25%,

assuming the re-leasing value of the retirement village houses did not improve. Any reduction in exit fees would be contingent on Aspen gaining approval to develop the rest of the community under a land lease model.

We believe the current market value of the spare land is at least \$4.25 million or \$35,000 per approved site. This attractive entry price enables us to develop and lease or sell quality houses at a very competitive price, while generating attractive development margins and total investment returns.

**Continued Growth in Aspen’s Development Pipeline**

This latest acquisition increases Aspen’s land development pipeline by 49% to 370 approved sites across three states and five projects at an average book value of approximately \$40,000 only.



^ Wodonga Gardens is Aspen’s valuation estimate – property has not yet been externally valued  
\* Four Lanterns sites are fully developed with all infrastructure in place

**Funding**

The acquisition will initially be funded with debt. We continue to selectively redeploy capital from our Perth residential portfolio where it is more beneficial to sell than to re-lease once tenants vacate and refurbishment works are completed. We have so far settled the sale of five houses and entered into conditional contracts on another four at an average price of \$440k and average profit margin per house of \$104k after all costs.

Announcement authorised by the Board of Aspen Group Limited.

**END**

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



## Disclaimer

This announcement 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 announcement constitutes investment, legal, tax or other advice. The information in this announcement 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 announcement 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 announcement. 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 announcement or its contents or otherwise arising in connection with it.

This announcement 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 announcement will actually occur as contemplated. All references to dollar amounts are in Australian currency.

