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ASX ANNOUNCEMENT 16 September 2021

Settlement of Perth Apartment Portfolio

Aspen Group (ASX: APZ) (“**Aspen**”) is pleased to announce that it has settled the acquisition of a portfolio of apartments in Perth inner-metropolitan suburbs. The acquisition adds significant scale to Aspen and includes 17 apartment complexes comprising 514 apartments on approximately 4.7 hectares of land.

WA is currently enjoying economic and population growth, and record employment levels. Perth offers an attractive lifestyle, its residential vacancy rate is about 1%, and residential prices and rents are increasing, yet prices are generally less than they were 10 years ago and have lagged the eastern states.

The portfolio is being acquired for \$52m (excluding acquisition costs), equating to approximately \$101k per apartment which is well suited to Aspen’s business of providing quality accommodation on competitive terms.

The apartments generally comprise 1 or 2 bedrooms and their condition is highly varied. We intend to refurbish the apartments where required and hold the vast majority as rental stock, and we expect to spend around \$25m across the portfolio over the next 18-24 months. We intend to commence refurbishment works in September on the first 80 apartments and anticipate refurbished units will progressively become available for lease from late December 2021.

The portfolio also offers optionality to expand / rebuild on higher density zoned sites, and to recycle capital from apartments that may be less suited to Aspen’s business given their relatively high rent and price points.

The net rental yield is expected to be minimal for the first 12 months depending on how many apartments are offline for refurbishment, and to stabilise to over 5% post the refurbishment and leasing program based on an average weekly rent of \$275. We are targeting a valuation uplift of at least 30% on total cost post refurbishing and leasing apartments.

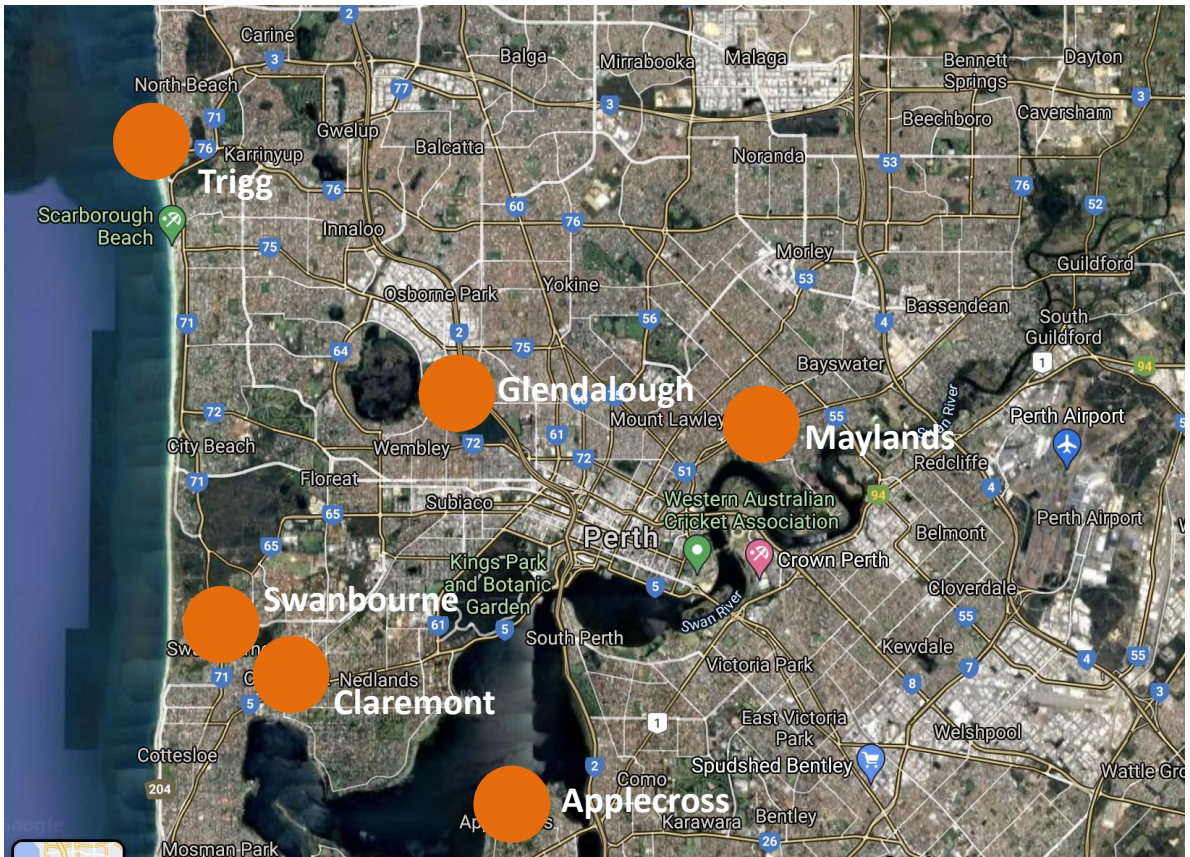
We expect the acquisition to be accretive to both NAV and EPS over the medium term.

Perth Apartment Portfolio





Located in Perth's inner-metropolitan suburbs



Further information regarding the acquisition was released to the ASX on 19 August 2021.

END

Announcement authorised by the Board of Aspen Group Limited.

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