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ASX ANNOUNCEMENT

29 April 2021

Settlement of Co-living Community, Upper Mount Gravatt QLD

Aspen Group (which comprises Aspen Group Limited and Aspen Property Trust) (ASX: APZ) is pleased to announce that it has settled the acquisition of a Co-living community in Upper Mount Gravatt, Queensland. The property comprises 66 apartments with predominantly 4 or 6 bedrooms, over 130 undercroft car parking spaces, and extensive resort style facilities. This is Aspen's fourth acquisition in FY21 and adds to our SE Queensland cluster alongside the Burleigh Heads build to rent project.

The purchase price is \$18.5 million before acquisition costs equating to about \$280,000 per apartment. The median sales price of a 3-bedroom apartment in Upper Mount Gravatt is \$418,000 (realestate.com.au).

Over the next 12 months we intend to broaden the student customer base if required to include other like-minded customers who value the Co-living experience and relatively cheaper rents that currently average about \$200 per week per room including furniture, electricity, water, internet and a fortnightly clean of common areas. We expect the net income yield to recover to over 5% within the next 18 months as occupancy stabilises and from reducing operating costs. The current occupancy is around 80% noting there is seasonality related to the tertiary education calendar with mid and end of year holiday periods.

The land is zoned High Density Residential Up to 8 stories, and about 24,000sqm of gross floor area can be developed which is over twice the current density. In our opinion these attributes will help drive relatively high capital growth over time.

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

UMG Co-living Community





The acquisition has been funded with debt. Aspen's debt facility limit has been increased to \$91 million and the duration has been extended to April 2024. Total margin is +190bps above BBSY.

Further information regarding the acquisition was released to the ASX on 31 March 2021.

Announcement authorised by the Board of Aspen Group Limited.

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Disclaimer

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