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## ASX ANNOUNCEMENT 5 November 2021

### Acquisition – Meadowbrooke Lifestyle Estate

Aspen Group (ASX: APZ) (“Aspen”) is pleased to announce that it has entered into a conditional contract to acquire the Meadowbrooke Lifestyle Estate (“Meadowbrooke”) in Boyanup, Western Australia under a receivership sale. Settlement is expected to occur in December 2021.



## Meadowbrooke Lifestyle Estate

Meadowbrooke is a retirement community being developed and operated under a land lease financial model. The property spans 9.1 hectares and approvals are in place for 181 houses of which 17 have been built and sold to date. It has a large, good quality club house, a craft room/activity centre, bowling green and gymnasium, workshop/shed, caravan and boat parking, and 3 self-contained villas that are currently offered for lease on a short stay basis. Full site infrastructure is in place for the next 78 houses.

The existing houses are occupied under a land lease agreement with current contracted land rents of about \$172 per week on average and exit fees of 15%.

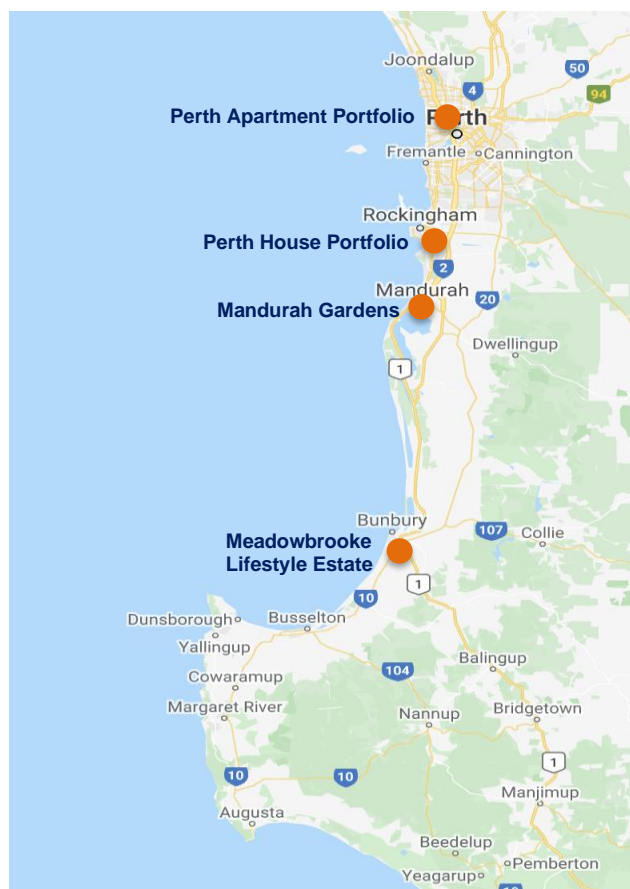
The project fell into receivership in 2019 and during this period the sales price of houses declined. The average price of new houses sold to date is around \$312,000 and the last two sold during the receivership at \$250,000. We believe sales volumes and prices will increase again when the community moves out of receivership, helped by a general rebound in WA's housing markets. Initially, we aim to regain momentum in the project by fixing up some legacy issues, improving services and offering our first stage of new houses at very competitive prices starting from as low as \$225,000. At our entry price, we expect total returns will still be attractive due to an uplift in the site values above cost once leased.

### Location & Socio-demographics

Boyanup is located about 20kms southeast of Bunbury, 180kms south of Perth CBD (about 2 hours by car) and about 100kms north of Margaret River.

Bunbury is a major port town and is regarded as Western Australia's "second city" after Perth. Its main industries by employment are health care & social services, retail trade and construction.

Bunbury's urban area has a population of over 72,000 and it services a region with over 176,000 people. They are slightly older on average and have lower median household income compared to the whole of Western Australia (2016 census).



Census 2016	Western Australia	Bunbury Region (SA4)	Bunbury Urban Area (SUA)
Population	2.47m	176,330	72,402
Median age – years	36	41	38
Population >50 years	32%	38%	34%
Population growth 2011-2016	10.5%	11.5%	10.4%
Average number of people per household	2.6	2.5	2.5
Median household income – weekly	\$1,595	\$1,319	\$1,436
Unemployed	7.8%	7.0%	8.2%

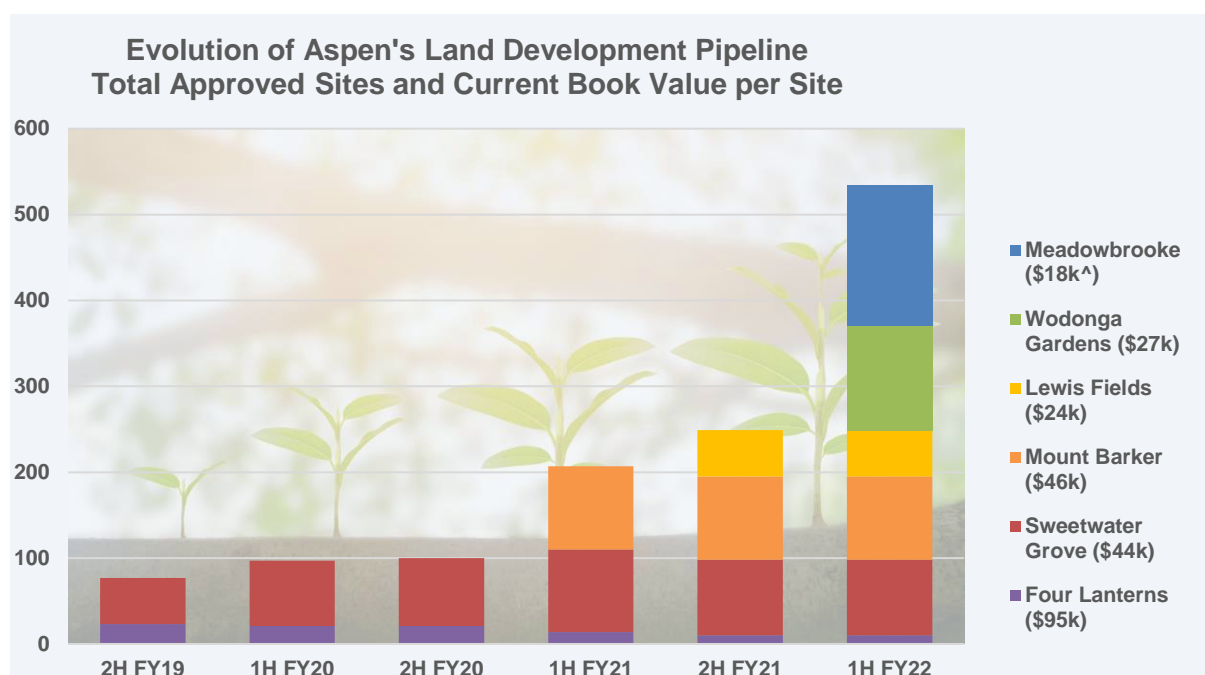
## Pricing

The purchase price is \$3.258 million (excluding transaction costs), equating to about \$358,000 per hectare and \$18,000 per approved site. We believe the price is less than 50% of replacement cost.

The property currently makes a small operating loss including the costs of holding the development land (eg. land tax, council rates). We expect to create value for shareholders by generating cash profits from the sale of houses and from a valuation uplift on the serviced land sites once they are leased.

## Continued Growth in Aspen's Development Pipeline

Upon settlement, Aspen's land development pipeline will increase by 44% to 534 approved sites at an average book value of only \$32,000 per site. Over 100 of these sites are fully serviced.



<sup>^</sup> Meadowbrooke \$18k is Aspen's purchase price per approved site – property has not yet been externally valued

Announcement authorised by the Board of Aspen Group Limited.

**END**

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