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## ASX ANNOUNCEMENT

13 September 2022

# Aspen Group

## Business Update and Equity Raising

**Not for release to US wire services or distribution in the United States**

Aspen Group (which comprises Aspen Group Limited and Aspen Property Trust) (ASX: **APZ**) (“**Aspen**”) is pleased to provide an update on its operations and to announce an equity raising.

### Business Update

Demand for our accommodation remains strong as there is a shortage of affordable housing Australia wide. There is minimal vacancy across our residential and retirement properties, and rents are growing. Activity and profitability have increased in our park communities post the Covid-related lockdowns and border closures over the past 2 years. Despite significant distress, inflation and delays in the building industry, our development profits have increased materially at acceptable margins.

Over the 3 years to FY22 Aspen has delivered growth in Operating Earnings<sup>1</sup> per security of 19% per annum and growth in Net Asset Value per security of 17% per annum. The momentum has continued over the first 2 months of FY23 with Aspen achieving the following results (unaudited):

<b>Total Revenue</b> \$12.34m +111%	<b>Total Operating and Development Income</b> \$5.44m +104%	<b>Property Net Operating Income</b> \$4.38m +67%	<b>Operating Earnings</b> \$4.13m +33%
		<b>Development Profit</b> \$1.06m - margin 29%	<b>EPS</b> 2.66c +112%

(% changes are compared to the previous corresponding 2-month period in FY22)

David Dixon, Joint CEO of Aspen said “Aspen’s business has remained resilient throughout and post the Covid-related restrictions and we continue to acquire selective properties that align with our affordable accommodation strategy. Due to both structural and cyclical issues, there is a severe shortage of housing at rent and price points that are affordable for the 40% of Australian households on the lowest incomes, and our diversified portfolio continues to benefit from this. We are looking to continually grow the platform and portfolio and we believe Aspen is well placed to achieve strong earnings and NAV growth for shareholders through the cycle”.

1. Operating Earnings is a non-IFRS measure that is determined to present, in the opinion of the directors, the operating activities of Aspen in a way that appropriately reflects Aspen’s operating performance – refer to financial report for full definition

## Equity Raising

Aspen is raising equity today to strengthen its balance sheet and provide flexibility to execute its strategy of investing in quality, affordable accommodation. Post the Institutional Placement, APZ's pro forma gearing is expected to be 20%, below the long-term target range of 30-40%.

John Carter, Joint CEO of Aspen said: "We continue to see a range of interesting acquisition opportunities and we are well placed to deliver on our investment strategy. Being well below our target gearing range gives us significant acquisition capacity, and we will deploy this selectively into quality opportunities. Aspen remains well positioned to grow operating earnings and / or net asset value per security over the medium term by at least 10% per annum."

The Equity Raising consists of a fully underwritten Institutional Placement to raise \$36.34 million and non-underwritten SPP to raise up to a further \$3.00 million<sup>2</sup>.

New securities issued under the Institutional Placement and SPP will rank equally with existing securities.

MA Moelis Australia Advisory Pty Limited is acting as Bookrunner, Underwriter and Joint Lead Manager. Taylor Collison Limited is Joint Lead Manager.

## Details of the Institutional Placement

The Institutional Placement will have an issue price of \$1.58 per APZ security which represents:

- a 4.5% discount to last close on 12 September 2022 of \$1.655;
- a 9.8% discount to Aspen's pro-forma NAV of \$1.75 per security; and
- a 4.2% distribution yield (based on FY22 distributions of 6.60cps)

Aspen anticipates that the securities to be issued under the Institutional Placement will represent 14.8% of Aspen's securities on issue.

## Security Purchase Plan (SPP)

Following completion of the Institutional Placement, Aspen will offer eligible securityholders in Australia and New Zealand the opportunity to participate in the SPP. Eligible securityholders will be invited to subscribe for up to a maximum of \$30,000 in additional securities, free of any brokerage or transaction costs. The SPP is expected to raise up to \$3.00 million<sup>2</sup> and will not be underwritten.

The issue price of securities issued under the SPP will be \$1.58 per security and will rank equally with existing securities.

Full details of the SPP will be set out in the SPP Offer Booklet, which will be released to the ASX and made available to eligible security holders in Australia and New Zealand on or around 20 September 2022.

<sup>2</sup> Aspen may (in its absolute discretion), in a situation where total demand exceeds \$3.00 million, decide to increase the amount to be raised under the SPP or apply a scale back.

## Indicative Timetable

Key event	Date
Record date for SPP	Monday 12 September 2022
Trading halt and announcement of the Equity Raising	Tuesday 13 September 2022
Institutional Placement bookbuild	Tuesday 13 September 2022
Trading halt lifted	Wednesday 14 September 2022
Settlement of securities issued under the Institutional Placement	Friday 16 September 2022
Normal trading of securities issued under the Institutional Placement	Monday 19 September 2022
SPP opens	Tuesday, 20 September 2022
SPP closes	Tuesday, 4 October 2022
Issue of securities under the SPP	Tuesday, 11 October 2022
Normal trading of securities issued under the SPP	Wednesday, 12 October 2022

Further details of the Equity Raising can be found in the attached investor presentation.

**END**

*Announcement authorised by the Board of Aspen Group Limited.*

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